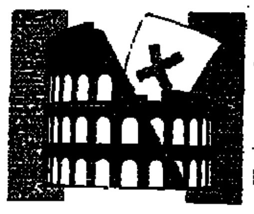


Italian elections
Going through the motions
Page 4

The Domecq deal
Allied-Lyons' eyes on South America
Page 28

After Colosio
What next for Mexico?
Page 8

TOMORROW'S
Weekend FT
Addicted to a computer sensation

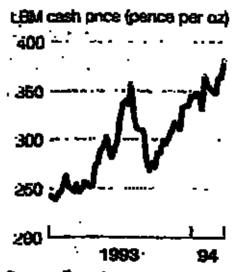
FINANCIAL TIMES

Europe's Business Newspaper — FRIDAY MARCH 25 1994 D8523A

Steel crisis averted as Brussels gives more time for cuts

A crisis in the European Union steel industry appeared to have been averted last night after the European Commission agreed to give private sector steelmakers more time to finalise cuts in capacity. The agreement, between industry chiefs and industry commissioner Martin Bangemann, averts a collapse in relations between the Commission and unsubsidised EU steel producers which have been reluctant to offer capacity cuts Page 18

Silver climbs to four-year high



Source: Datastream

US investment funds that are attempting to force up the price of silver helped push it to 574.75 cents a troy ounce in London early yesterday, its highest point since November 1989. The market failed, however, to breach the important technical level of $575 an ounce and fell back to close in London at $570.5, up 5 cents on the day. Hedge funds are believed to have spent $1bn to buy physical silver. Page 30

UK seeks German aid on EU enlargement: The UK is looking to Germany to forge a face-saving compromise in the dispute over voting rights which risks delaying the entry of four new countries into the European Union next year. Page 18

Singapore to order up to 52 airliners: Singapore Airlines plans to order up to 52 wide-body airliners worth more than $6bn, sparking a fierce contest between Boeing of the US and the European Airbus consortium. Page 5

Toxic waste ban agreed: European Union environment ministers agreed in Brussels on a total ban on the export of toxic waste to Third World countries by the end of 1997.

Japanese workers accept low rises: Japanese labour unions representing steel, shipbuilding and car workers accepted the lowest wage increases since 1987, but electronics and railway workers threatened action in pursuit of their claims. Page 7

BAT Industries became the first company to say it would definitely use the foreign income dividend scheme introduced in last year's two budgets. Page 19; Lex, Page 18

John Laing 58% ahead: Pre-tax profits at UK construction group John Laing rose by 58 per cent last year to £18.3m ($26.7m), helped by a 9 per cent fall in operating costs. Page 26

Palestinians take to streets: Clashes erupted in the occupied West Bank and Gaza Strip as Palestinians protested against the killing of four leading members of the Hamas Islamic movement's military wing. Page 6

Somalia's leaders agree pact: Somalia's arch-rivals, Gen Mohamed Farah Aideed and Ali Mahdi Mohamed, pledged to form a government of national reconciliation as the last US troops prepared to leave the country. Page 6

Volkswagen, European volume carmaker, hopes to return to a break-even point this year after a first-quarter loss of around DM400m ($238m), compared with a DM1.25bn deficit in the same period of 1993. Page 19

Earnings recover at P&O: Peninsular and Oriental Steam Navigation Company, shipping, transport and property group, reported a recovery in earnings, with pre-tax profits at £523.7m ($764.6m) against £270.4m in 1992. Page 19

Intelligence costs disclosed: UK prime minister John Major said the government would spend £881.5m ($1.29bn) this year on the domestic security service MI5 and its foreign intelligence-gathering partner MI6. The cost has never before been disclosed.

Cheung Kong, flagship of Li Ka-shing's listed Hong Kong empire, surprised the market with a 56 per cent growth in net profits last year to HK$£9.8bn (US$1.3bn). Page 23: Hutchison Whampoa more than doubles, Page 19

Queen opens jewel house: Britain's Queen Elizabeth opened a £10m ($14.9m) centre for the Crown Jewels at the Tower of London. The Queen has seen the symbols of the monarchy only twice before – at her coronation in 1953 and when she opened the old jewel house in 1967.

■ STOCK MARKET INDICES

FT-SE 100:	3,121.7	(-33.6)
Yield	3.88	
FT-SE Eurotrack 100	1,425.41	(-20.32)
FT-SE-A All-Share	1,581.44	(-1.0%)
Nikkei	20,837.98	(+75.80)
New York lunchtime:		
Dow Jones Ind Ave	3,818.78	(-50.68)
S&P Composite	464.19	(-4.35)

■ US LUNCHTIME RATES

Federal Funds:	3½%
3-mo Treas Bills: Yld	3.508%
Long Bond	91½
Yield	6.96%

■ LONDON MONEY

3-mo Interbank	5¼%	(5 3/16%)
Liffe long gilt future:	Mar 108	(Mar110)

■ NORTH SEA OIL (Argus)

Brent 15-day (May)	$13.77	(13.8)

■ Gold

New York Comex (Apr)	$391.9	(387.4)
London	$387.20	(388.9)

■ STERLING

New York lunchtime:		
$	1.4975	
London:		
$	1.493	(1.4935)
DM	2.4971	(2.5165)
FFr	8.5489	(8.5996)
SFr	2.1235	(2.1312)
Y	158.669	(158.948)
£ Index	80.3	(80.6)

■ DOLLAR

New York lunchtime:		
DM	1.6685	
FFr	5.7065	
SFr	1.4168	
Y	104.875	
London:		
DM	1.6726	(1.685)
FFr	5.726	(5.7582)
SFr	1.4223	(1.427)
Y	106.275	(106.430)
$ Index	66.2	(same)

Tokyo close Y 106.53

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh16	Singapore	S$4.30
Bulgaria	Lw25.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZK50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Switz	SFr3.30
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Syria	S£50.00
Finland	FM14	Jordan	JD1.50	Philippines	Pso50	Tunisia	Din1.500
France	FFr9.00	Kuwait	Fils.625	Poland	Zl 32,000	Turkey	L13000
Germany	DM3.50	Lebanon	US$1.50	Portugal	Es225	UAE	Dh12.00

French unveil rescue package for Crédit Lyonnais

By Alice Rawsthorn and David Buchan in Paris

The French government yesterday unveiled details of its long-awaited rescue package for Crédit Lyonnais, the troubled state-controlled bank. It includes a FFr4.9bn ($850m) capital injection and the transfer of FFr40bn of bad debts into a new company partly guaranteed by the state.

Mr Jean Peyrelevade, who last autumn was drafted in as chairman to orchestrate Crédit Lyonnais' restructuring and eventually to prepare it for privatisation, said the package should enable the group almost to break even this year after reporting a devastating FFr6.9bn net loss for 1993.

The chief cause of the bank's problems is the aggressive strategy on loans and international acquisitions pursued by Mr Jean-Yves Haberer, its chairman from 1988 to 1993, which has left it heavily exposed to the recession.

Mr Peyrelevade also announced plans for radical cost cutting which will involve shedding 10 per cent of the group's 38,449-strong French workforce over the next three years and 4 per cent of its 32,861 staff outside France. Crédit Lyonnais is to sell at least FFr20bn of assets by the end of next year and intends to raise additional capital by staging a share issue later this year. Mr Peyrelevade said his "central objective" was to improve the bank's international credit rating.

Observers last night seemed confident that the new deal should be sufficient to stabilise the bank's finances.

The state aid for Crédit Lyonnais has to be vetted by the European Commission in Brussels, where it was announced yesterday that Mr Pascal Lamy, chief of staff to EU president Jacques Delors, would shortly be joining Crédit Lyonnais.

Mr Peyrelevade said he did not think he was being "exaggeratedly pessimistic" about the bank's current situation. Over and above the FFr40bn in non-performing property loans now to be underwritten by the state, Crédit Lyonnais said it would continue to shoulder a further FFr10bn of doubtful property loans, mostly in France, but 43 per cent of these were now covered by provisions.

Among other "weaknesses", Mr Peyrelevade cited the bank's investment in the MGM film studio.

The group fell into the red for the third time in its history with a FFr1.85bn loss in 1992. It fared even worse in 1993 as the recession deepened and Mr Peyrelevade decided to clean up its balance sheet by making FFr17.8bn of operating provisions, against FFr14.4bn in 1992, with an additional FFr3.9bn writedown on its ill-fated investment in the film industry.

Bank's new action man, Page 17
Thomson CSF warning, Page 20

Political turmoil after assassination of ruling PRI party candidate Colosio

Mexico in crisis over shooting

By Damian Fraser in Mexico City and Stephen Fidler in London

Tears for a lost leader: A woman breaks down in Tijuana, Mexico, following the shooting of Luis Donaldo Colosio, above. Pictures: Reuter and AP

Mexico has been thrown into political turmoil by the assassination of Mr Luis Donaldo Colosio, the presidential candidate of the ruling Institutional Revolutionary party (PRI).

Mr Colosio was shot in the head and chest late on Wednesday in the border city of Tijuana. The police have arrested at least one suspect, but the motive for the attack not known.

The PRI, or more likely in practice President Carlos Salinas, will now have to select a new presidential candidate for this August's election. The process of choosing one may exacerbate an already tense situation.

Despite the closure of Mexico's financial markets yesterday, the price of Mexican shares and bonds fell sharply in trading in London and New York, although they recovered from their lows. New York analysts said prices of New York-quoted Mexican shares suggested a fall of 4 to 5 per cent in the Mexican stock market.

Under Mexico's constitution, officials are not allowed to run for the presidency if they have held government office in the six months before the elections. This means that unless the constitution is changed, no member of the current cabinet would be able to run.

This would leave Mr Manuel Camacho, the peace envoy to the troubled southern state of Chiapas, and Mr Ernesto Zedillo, former education minister and Mr Colosio's campaign manager, as the two front-runners. But Mr Camacho has made serious enemies in the PRI, and his candidacy might split the party. Mr Zedillo is considered politically inexperienced and may not be able to take the lead in the current political climate.

Dr Ignacio Burgoa, professor emeritus of law at the National Autonomous University of Mexico, says the government, with the support of at least one opposition party, could muster enough support to change the constitution in 10 to 15 days. That would enable Mr Pedro Aspe, the finance minister, and other cabinet ministers to run.

Mexico's ruling party has been in power for 65 years, and Mr Colosio was the favourite to win this August's elections. A former social development minister and president of the PRI, Mr Colosio represented continuity with the economic and political policies of President Carlos Salinas.

Whoever replaces him will find a very different political landscape. The new candidate will be weakened by being the party's second choice, and will have just five months to set up his campaign. New democratic reforms, passed by congress on Wednesday night, go a long way in letting the opposition compete on equal terms with the PRI, making elections potentially the most competitive in the nation's history. On the other hand the threat of serious instability and the sympathy felt for the PRI after Mr Colosio's assassination may lead to an increase in support for the ruling party.

Mr Salinas appealed to Mexicans for calm and unity, and appeared to rule out the possibility of a state of emergency.

However, the assassination of Mr Colosio comes in a period of unusual political instability in Mexico, and the possibility of a conservative backlash was being aired yesterday.

Mexico's economy has also been vulnerable in recent weeks, with the peso having depreciated sharply against the dollar as the government sought to boost stagnant economic growth.

According to Tijuana police, the suspect, Mario Aburto Martinez, 23, said he was a pacifist and claimed he had written several books on the subject. Police said he had fired twice using a .38 pistol, but they have not linked him to any group.

MEXICAN CRISIS

Page 8
■ Leader short of vision
■ Heavy risk of instability
■ Mexico's turbulent months

■ Editorial Comment Page 17

Share and bond prices badly hit

By Our Markets and Foreign Staff

International stock and bond prices fell sharply yesterday, shaken by the assassination of Mr Luis Donaldo Colosio, Mexico's leading presidential candidate and by renewed worries over the rise in US interest rates.

The Dow Jones industrial average was 55.57 points down at 3,813.89 in early afternoon trading. The falling market earlier triggered the New York Stock Exchange's "uptick rule", which restricts computerised trading in periods of volatility.

Moves by some of the largest US banks to raise their prime rates on Wednesday, in response to the Federal Reserve's latest credit tightening the day before, contributed to the bearish mood.

The assassination prompted a sharp fall in Mexican bonds in New York and London, pulling down other Latin American debt markets in their wake.

Mexico's 30-year benchmark "Brady bond", issued as part of the country's 1990 debt restructuring, dropped to 69½ from 73, but bounced off its 66½ low, said Mr Denis Loubignac, a trader at Paribas Capital Markets in London. The Mexican benchmark

Continued on Page 18
German M3, Page 2; Government bonds, Page 24; World stock markets, Second section

Allied-Lyons to pay £739m for control of Pedro Domecq

By Tony Jackson

Allied-Lyons, the UK drinks and food group, is to pay £739m ($1.08bn) for control of Pedro Domecq group, the Spanish drinks producer.

Allied said yesterday the deal would make it the world's second largest spirits producer, with 13 of the top 100 spirits brands.

Allied will finance the purchase with a £651m rights issue. It forecast its pre-tax profits in the year to March 1994 at £604m, or £630m before exceptionals, compared to £630m before exceptionals the year before.

Allied said it would change its name to Allied Domecq, thus dropping the name of J. Lyons – once famous in the UK for its teashops – which Allied acquired in 1978. The top management of the family-owned Domecq will stay with the company. It is expected that Mr Ramón Mora-Figueroa, Domecq's chief executive, will join Allied's board, although Allied refused to comment.

Domecq, best known in the UK for sherry brands such as La Ina, made 50 per cent of its profits last year from Mexico, where it owns Presidente, largest-selling brandy in the world. Allied will also take over Sauza, Mexico's second largest tequila brand. Mr Tony Hales, Allied's chief executive, said: "The Domecq brands are a real gateway for us in Latin America."

Background ......Page 28
Editorial Comment ......Page 17
Lex ......Page 18

In a complex deal Allied, which already owns 32 per cent of Domecq, will buy out the 500-strong Domecq family, whose members want to realise their holdings. Mr Mora-Figueroa, who belongs to the family, will protect its position by retaining a 27 per cent holding in Domecq, with the option to sell to Allied over the next six years. Allied said he was not expected to sell within the first year. Mr Mora-Figueroa said "hopefully" Allied would eventually own 100 per cent.

Mr Michael Jackaman, Allied's chairman, said the deal would concentrate the group's focus on drinks and retailing. Allied also has food manufacturing interests, and in 1992 merged its UK brewing interests into a joint venture with Carlsberg of Denmark.

Allied said its sales of spirits would almost double from 23m cases to 45m a year. Based on volume sales of the world's top 100 spirits brands, this put it second to Grand Metropolitan of the UK and ahead of Guinness.

Allied said the purchase price for Domecq, which made just under Ptas20bn ($138m) before tax and restructuring costs last year, represented 15.2 times last year's earnings. Allied's share price fell 7 per cent to 561p. Analysts said the rights issue had been unexpected.

CONTENTS

Gillette rejects rescue offer

By David White in Madrid

Gillette, the US consumer products group at the centre of a row over plans to transfer production from Spain, yesterday insisted it would go ahead with plans to close the Spanish factory.

The Socialist regional government of Andalucia said it had offered to finance the investment required to maintain the razor-blade plant at Alcalá de Guadaira near Seville, but the US company had refused the offer.

Mr Francisco Oliva, chief regional employment official, said the Andalucian authorities would ask the European Commission to investigate Gillette's plan to move production to plants in Berlin and Isleworth, west London.

After separate meetings yesterday with Gillette management and employees at the factory, he said the company was under an obligation to try to reach an agreement with its workforce and if it failed to do so might be liable to penalties.

Spanish officials claim that the Spanish subsidiary, which made a pre-tax profit of Pta700m ($10m) last year, does not meet the legal criteria in Spain for justifying collective redundancy.

No further meetings between the company and local authorities have been scheduled.

The Boston-based group said its decision to close the Spanish operation, which employs just under 250, was part of a plan announced earlier this year to reduce excess manufacturing capacity, which was the result of improved manufacturing facilities. The restructuring is due to affect 2,000 jobs worldwide, mostly outside the US.

The UK and German plants had been "integrated into facility upgrading", but the Spanish plant had older technology and was still geared to making fixed-head blades.

"Berlin and Isleworth can take care of western Europe very nicely," a Gillette spokesman said.

The company denied it was engaged in "social dumping" by shipping production to Russia, Poland and China, where wages were much lower. Its ventures in these countries were unconnected with the European market.

Bonn and Paris plan EU ostpolitik

By Quentin Peel

Germany and France will launch a joint initiative to develop a common European "ostpolitik" during their consecutive presidencies of the European Union in 1994 and 1995, Mr Klaus Kinkel, German foreign minister, said last night.

The two governments have agreed to co-ordinate their EU policies for the year from July 1, and the strategy towards central and eastern Europe is top of the German agenda.

Mr Kinkel spelt out details in an important statement of Bonn's European strategy to the French institute for international relations in Paris.

His five-point programme for an EU ostpolitik would put opening of the west European market as its highest priority, combined with maximum involvement of the associated states in central and eastern Europe in the EU's common foreign and security policy.

While he spelt out support for Russia as a key element of any policy, he stressed the need for a coherent EU policy towards Ukraine, including efforts to defuse tension between Kiev and Moscow.

"The economic crisis [in Ukraine] and the tensions with Russia affect us directly," he said. "They could have far-reaching consequences... We must act together to ensure Ukraine is brought rapidly within our European co-operation system."

He called at the same time for a "coherent" EU policy towards the Baltic republics, intended to "draw these countries ever closer to the Union". Russian troops must be withdrawn on time, he added.

He also outlined an initiative with Mr Alain Juppé, the French foreign minister, to launch a "Europe-wide Marshall Plan of the mind" for eastern Europe, to promote all forms of scientific and university exchanges, bringing thousands of students and scientists into west European universities, and sending western teachers to the east.

The two nations will also press to make the Maastricht treaty a reality, for more energetic promotion of a European security policy as a pillar of the Atlantic alliance; and for an active Mediterranean policy, to promote development in the Maghreb region.

Bundesbank discounts money supply figures

By Quentin Peel in Bonn and David Waller in Frankfurt

German money supply grew at 17.6 per cent a year in February, a slight reduction on the 21.2 per cent rate in January, but still far above the Bundesbank's 4-6 per cent target.

The figure, for the broad M3 measure of money supply including time and savings deposits, was immediately discounted by the central bank as a continuing reflection of the extraordinary growth in December and January, exaggerated when calculated on an annual basis.

For the first time the bank published a figure for the growth in money supply compared with the previous quarter, which it put at 4.1 per cent for February, according to preliminary calculations.

There was general confidence in the financial markets that the high money supply figures, expected to remain in double figures for some months, would not divert the Bundesbank from its strategy of gradual interest rate cuts.

Some analysts warned, however, that the special factors which caused December's figure to rise by 8.1 per cent, before the January record, are still having a big effect on M3: they include a surge in house buying and building, and the refusal of traditional bond investors to return to that market from short-term deposit accounts.

The Bundesbank pointed out that bank credit to enterprises and individuals actually declined – new loans totalled DM9.9bn ($5.62bn) in the month compared with DM12.8bn a year earlier, although total lending rose in the past six months at a seasonally adjusted 10 per cent annualised rate.

Bank credit to the public sector increased rapidly, by DM6.7bn, and public authority deposits with the Bundesbank declined by a further DM2.5bn, showing that the deficit financing of the public sector continues to have a strong expansionary effect on money supply.

The most important factors distorting money supply in December were massive repatriation of capital from outside Germany, because of the abolition of tax benefits for accrued interest funds in neighbouring Luxembourg; and a surge in borrowing for house purchases, with the imminent expiry of special tax allowances for buying old properties.

What happened in January was that the repatriated funds failed to return to the bond markets, as expected, because of turbulent conditions and a turn upwards in long-term interest rates. The money remained in relatively short-term deposit accounts and financial instruments.

Nor has house-purchasing activity declined significantly, because the expectation that the steady decline in interest rates is coming to an end has encouraged more borrowers to take out mortgages.

Opinion among analysts is divided between those who believe the distortions in the M3 figures make them largely irrelevant, and those who believe they point to long-term inflationary potential.

"The number was better than some had feared," said Mr Julian Jessop of Midland Global Markets Research, "but it doesn't matter what M3 does, neither for German monetary policy, nor for the market. The real issue is inflation, and that is likely to turn out at 3.1 per cent for this month, and could be below 3 per cent in April. This means the Bundesbank could cut its rates when the policy-making council meets on April 28.

● The Bank of France yesterday cut its key intervention rate by 0.1 percentage point to 6 per cent, writes Alice Rawsthorn.

The reduction, following Wednesday's cut in the German repo rate, reflected the Bank of France's eagerness to keep pace with the Germans, but its modest scale illustrated the bank's concern about the weakness of the franc.

Cash merry-go-round puts M3 in a spin

Why is Germany's money supply sky high? It's mostly a question of avoiding tax, writes David Waller

Built of glass and steel, the Deutsche Bank headquarters on the outskirts of Luxembourg looks more like a cross between an art gallery and a high-security prison than a branch of Germany's biggest bank.

Enter the imposing building and the customer is confronted with a 9.2 metre-high sculpture which would not be out of place on the set of Jurassic Park, the Spielberg dinosaur movie. The walls are hung with garish paintings and there is not a cash-dispenser in sight.

Although lacking the facilities of a normal bank branch, this is the biggest credit institute in the Grand Duchy, a temple of mammon built in tribute to the colossal sums of money which slosh backwards and forwards between Germany and its tiny neighbour.

The sloshing has become more pronounced in recent months, generating huge profits for the German banks (Deutsche Bank Luxembourg last week announced a 51 per cent increase in earnings) and helping to trigger the explosive growth in German money supply in January and February.

Over the last three years at least DM300bn ($170bn) has been parked by Germans in offshore accounts. The money has gone primarily to the Grand Duchy, says Mr Peter Pietsch, an economist at Commerzbank in Frankfurt, although Switzerland, Austria and the Channel Islands have also benefited from the cash exodus.

Much of it has found its way to Luxembourg in the form of banknotes stuffed into suitcases and carrier bags, unloaded over the counter and booked into discreet numbered accounts at any one of the Grand Duchy's 218 banks. But there is no need to make the drive down the Mosel valley, banknotes stashed in the boot – simply pay a visit to any bank branch in Germany and the customer is inundated with suggestions as to how money can be transferred at the flick of a computer switch.

Underlining the symbiotic links between Luxembourg and Germany, most of the cash has then flowed back into the German capital markets, invested by the banks in German government securities on their customers' behalf. It is estimated that of the DM230bn spent by "foreigners" buying bunds last year, nearly DM50bn came from Germans investing in their home market principally via Luxembourg funds. This followed an inflow of DM46bn to Germany from Luxembourg in 1992.

The catalyst to the capital movement is tax. For five years the German government has been struggling to find a way to tax interest earned on savings. Whilst the Finance Ministry has experimented with one form of tax after another, Germans have voted with their wallets – transferring their savings across the border to Luxembourg where there is no tax on interest income.

Although there is nothing illegal about transferring cash to Luxembourg, so long as the income is later declared in tax returns, the German tax authorities are convinced that the big banks have been helping their customers to evade rather than merely avoid tax commitments.

Hence the spectacular raids on Dresdner Bank branches in Frankfurt and Düsseldorf in January, when 40 tax officials confiscated documents and opened up the postbag between head office in Germany and the bank's branch in Luxembourg. The authorities alleged that the bank was systematically helping its customers shovel cash across to Luxembourg in order to evade tax; an incensed Dresdner has denied any impropriety and is planning to take its case to the Federal Constitutional Court in Karlsruhe.

Ironically enough, this court has already played a major role in stimulating capital flight. On June 27 1991 it ruled that the government must re-introduce a tax on interest income, having dropped a previous levy because of its disastrous impact on the German capital market.

The government's response was the so-called Zinsabschlagsteuer (ZAST), a 30 per cent tax on interest income which is deducted at source by banks when they credit the interest to bund holders. This came into effect at the beginning of last year.

Despite sharply increased thresholds for tax-free interest, private savers reacted with what the Bundesbank described as "fairly massive evasive reactions and roundabout transactions via neighbouring financial centres".

The natural vehicle for such transactions were Luxembourg funds. The number of such funds managed by German institutions rose from 32 to 168 between 1991 and 1993. Over the past five years the number of German banks represented in the Grand Duchy rose from 40 to 63.

The roundabout continued in the latter months of last year when Germans repatriated at least DM25bn out of Luxembourg back to Germany. This reversal of the usual pattern reflected a change in the tax law affecting rolled-up interest. The flow of funds back to Germany was a key reason behind the surge in M3 money supply in December to February which has in turn made it harder for the Bundesbank to cut interest rates despite sharply falling inflation.

If the Luxembourg connection has dealt a knock to the Bundesbank's credibility, the German government has suffered a more tangible blow: to its tax revenues. The ZAST has proved a disappointing source of income at a time when every penny of tax is helpful to plug a yawning budget deficit. Total income from the tax last year was DM11bn – far below the projected DM24bn.

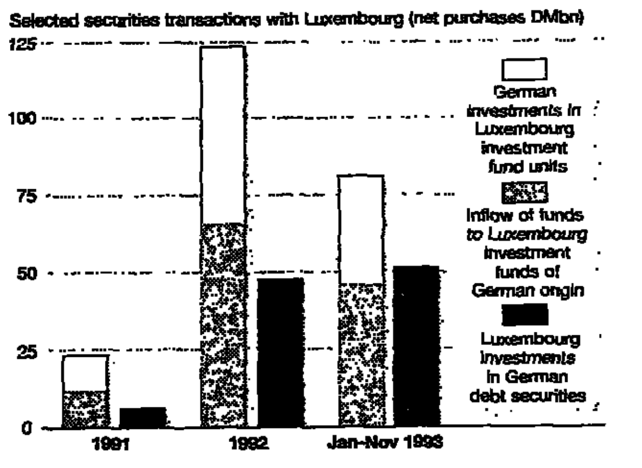
But Mr Thomas Mayer, international economist at Goldman Sachs in Frankfurt, says the ZAST was deliberately designed to be less than wholly effective. "There has been a silent collusion between the state and the investor," he claims. If the tax had been watertight, Germans masquerading as foreign investors would not have bought bunds in such huge quantities last year. Their purchases drove capital market interest rate to historic lows in 1993, helping the state to finance its deficit more cheaply than if the money had gone elsewhere.

Such a suggestion elicits no more than a harrumph from the Bonn Finance Ministry, which sticks to its position that it will use the German presidency of the European Union in the second half of the year to try to harmonise tax on interest income throughout the EU. Such an agreement would eliminate the catalyst to capital flows within the EU, but Luxembourg may be difficult to bring into line.

"There is no point in reaching agreement just within the EU," says a senior Luxembourg official. "The money would just go to Switzerland or Austria." Luxembourg sticks to its position that it wants tax harmonisation within all OECD countries. This laudable goal is unlikely to be realised for decades, if ever, ensuring that the money roundabout will continue to revolve.

Germany

Selected securities transactions with Luxembourg (net purchases DMbn)



Source: Federal Association of German Investment Companies; Bundesbank

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850, Fax ++49 69 5964481, Telex 416193. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colin A. Kennard as Geschäftsführer and in London by David G.M. Bell and Alan C. Miller. Printer: DVM Druck-Vertrieb und Marketing GmbH, Admiral-Rosendahl- Strasse 3a, 63263 Neu-Isenburg (owned by Hürriyet International).
Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, UK. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd.London and F.T. (Germany Advertising) Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.

FRANCE
Publishing Director: D. Good, 168 Rue de Rivoli, F-75044 Paris Cedex 01. Telephone (01) 4297-0621, Fax (01) 4297-0629. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

DENMARK
Financial Times (Scandinavia) Ltd. Vimmelskaftet 42A, DK-1161 CopenhagenK. Telephone 33 13 44 41, Fax 33 93 53 35.

EUROPEAN NEWS DIGEST

EU to tighten ship standards

EU environment and transport ministers yesterday backed in principle a European Commission plan to tighten up inspection procedures for sub-standard ships, as part of the effort to reduce the high rate of accidents in EU waters. Ministers also agreed that member states should detain in port unsafe ships "until all major deficiencies have been rectified".

The Commission underlined that the use of ships more than 15 years old had doubled over the past four years. But the EU still cannot decide whether to restrict shipping from waters near environmentally sensitive areas, or on a civil liability regime for owners of hazardous cargos using sub-standard shipping. Traditionally, EU states have acted individually through the International Maritime Organisation. But following a spate of oil tanker disasters pressure has built up for the EU to police European waters more vigorously. *David Gardner, Brussels.*

French protesters defy warning

Thousands of demonstrators defied government warnings of heavy punishment and took to the streets in France again yesterday to protest against legislation reducing youth wages. Demonstrations in Calais, Saint Etienne, Valence, Lyons, Grenoble, Annecy, Chambéry and Nantes took place in spite of warnings that individuals could be jailed for up to seven years and fined up to FFr700,000 (£80,000) each if the marches led to disorder. The demonstrators want the government to repeal a law that allows employers to pay people under 25 between 30 and 80 per cent of the legal minimum wage provided they receive on-the-job training. *Reuter, Lyons.*

Brandenburg faces early poll

The east German state of Brandenburg yesterday looked set to call an early election in June after its governing coalition broke up in dispute over state premier Manfred Stolpe's role during the communist era. The state legislature called a special session for April 13 to vote on putting forward the election, originally planned for September but now likely on June 12, the same day as the European parliament elections. Brandenburg is the fourth of the five eastern German states to see its government stumble since German unification in 1990. *Reuter, Potsdam.*

Russian minister is promoted

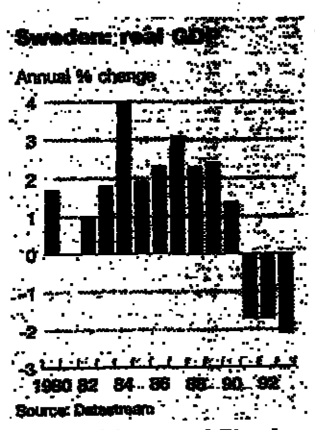
Mr Alexander Shokhin, the Russian government's longest-serving minister, was yesterday promoted from economy minister to deputy prime minister in charge of the economy. He said after a cabinet meeting yesterday that Russia's tight financial policy would cause a fall in production of 20 per cent this year, and that a more "moderate" course was necessary. Meanwhile, the US television network NBC yesterday reported that Mr Boris Yeltsin, the Russian president, had "life-threatening" cirrhosis of the liver. The report, based on a security source and two former Russian diplomats, is the latest in a spate of rumours since the 63-year-old president retired last week to the Black Sea resort of Sochi to recuperate from a three-week illness. However, his aides repeated that he was in good health and would be back to work in a few days after resting well. *John Lloyd, Moscow.*

Portuguese strike over wages

A wave of strikes and demonstrations disrupted production and public services across Portugal yesterday as workers called for increased social security payments and public-sector pay. Union leaders said yesterday's protest was a rehearsal for a threatened 24-hour general strike. Public sector pay rises are being held at 2.5 per cent. *Peter Wise, Lisbon.*

ECONOMIC WATCH

Sweden's GNP recovering



Swedish gross national product fell by 2.1 per cent in 1993. This was the third successive decline, making the recession the longest this century. But an export-led recovery – which the government is depending on to save it in September's general election – got under way in the latter part of the year, with GNP rising by 0.4 per cent in the last quarter. Nordbanken predicted GNP would grow by 2.5 per cent this year and by 3.5 per cent next year. However, the domestic economy, burdened by a huge budget deficit, continues to lag, with household incomes falling by a record 3.8 per cent last year and employment by 5.6 per cent. Nordbanken forecast a further fall this year in both public and household consumption, while unemployment was set to stand at 8 per cent. Another 5-6 per cent of the workforce are on government training schemes. *Hugh Carnegy, Stockholm.*

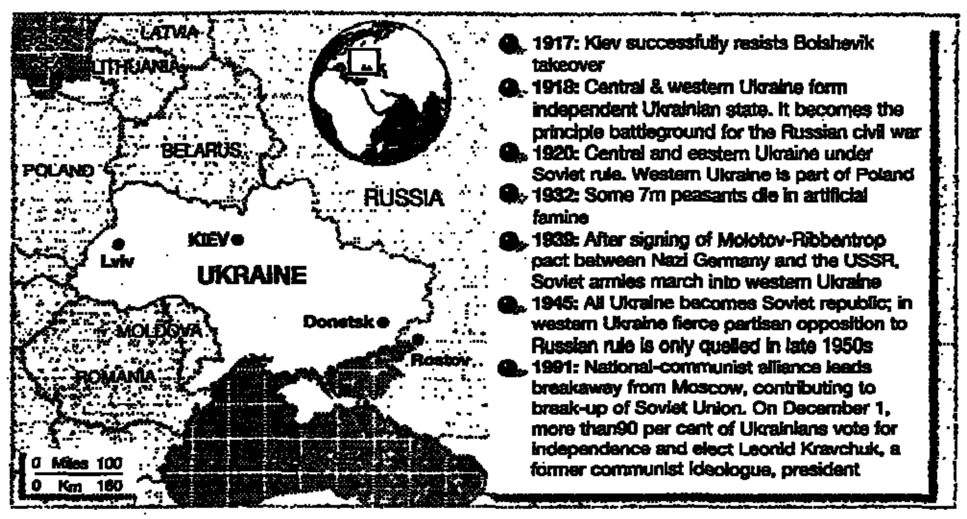
■ Foreign investment in Russia totalled $2.9bn in 1993, some 90 per cent of which came in the form of equity participation.

■ Germany's trade surplus contracted to DM5.9bn (£2.3bn) in January from DM8.5bn a month earlier, while the current account deficit rose to DM5.7bn from DM800m in December.

■ Denmark's preliminary unadjusted trade surplus rose to DKr43.01bn (£4.3bn) in 1993 from DKr34.88bn in 1992.

Two cities campaign for soul of Ukraine

Anger over the first two years of independence will be vented in Sunday's election, writes **Jill Barshay**



A generation ago western Ukrainian partisans fought eastern Ukrainian Soviet soldiers in forests outside of Lviv (formerly the Soviet city of Lvov) during the second world war. Today they are all citizens of Ukraine. But the historical and cultural divide between Ukraine's more nationalist west and Russian-oriented east are again intensifying and threatening to sever the fragile social fabric of this two-year-old nation.

As the final straight of independent Ukraine's first parliamentary elections this Sunday approaches, very different debates are shaping up in two cities, 1,200km apart, of this geographical conflict. The election's results are likely to usher new extremes into the parliament, now dominated by like-minded former communists and party bosses who have led the country to hyperinflation, a dire energy crisis and poverty.

In Lviv, an Austrian-Hapsburg architectural gem 60km from the Polish border, nationalism is exploding into radicalism and fascism. "Ukraine for Ukrainians" and other xenophobic slogans are often heard as people, especially the youth, are disillusioned with the economic results the moderate democrat-nationalists they once supported have brought them.

In Donetsk, a worn-out coal-mining town 60km from the Russian border, nationalism is virtually non-existent. The people, almost entirely Russian speakers and nearly half of whom are ethnic Russians, are clamouring for a "Union with Russia", by which they mean closer economic ties, and autonomy from mismanaged Kiev. There is great disillusionment with the first two years of Ukrainian independence in which personal fortunes have declined instead of improved.

For these two border cities, the election is less about throwing out the old Soviet legacy, but is more a battle for the Ukrainian soul.

Lviv wants to take over Kiev and create a unified nationalist state where everyone speaks Ukrainian. Donetsk has given up on Kiev and is holding a referendum to run their Russified region on their own and re-establish old ties with Moscow. Kiev's procurator has called this referendum illegal.

A leaked US intelligence report has forecast that a violent east-west civil war could erupt as Ukraine's economy continued to collapse. In Lviv 19 nationalist parties have launched such an impressively noisy campaign of mass postering and television advertisements that "centrist and communist voices are barely heard or seen", according to an election observer.

The Social-National Party of Ukraine, whose members sport blackshirt uniforms and use a swastika-like symbol as their logo, have successfully placed a candidate on the ballot of each of Lviv region's 23 electoral districts. Three years ago, Rukh, the nationalist-democratic movement, which rallied the nation to split from the Kremlin, was the dominant political force. Now Rukh has itself splintered into two factions due to in-fighting.

"Rukh has discredited itself. They promised that we would be like Sweden in two to three years. Now we're worse off than before independence and people are looking for an alternative," said 22-year-old Natalya Balyuk.

Donetsk is in the heart of the coal and metal rich Don River basin. Less than 10 years ago, the prosperous Soviet coal mining and steel region attracted hordes of weekend shoppers from the neighbouring Russian city of Rostov. The choice cuts of meat and sausage are now gone. Today crammed busloads of Donetsk miners travel in the opposite direction, working for cut, yet rouble, wages in the Rostov coal pits.

It has been a big fall from grace for a region that was once prized as an industrial centrepiece of the old Soviet Union. While a majority voted for independence in 1991, most now regret their decision.

"We had everything then. Where did it all go?" asked Yekaterina Solovyova, a Russian coal miner's wife (whose husband is Ukrainian). "We didn't need to cut all our links and start all these troubles with Moscow. Now it's hard for me to visit my mother in the Urals (in Russia) because the aircraft don't fly there." Ukraine's energy crisis has grounded most flights.

Like many of her neighbours, Mrs Solovyova plans to vote Yes to the four questions on the ballot this Sunday: 1. Should Russian be an official language along with Ukrainian?; 2. Should Ukraine have a federal structure, where power is decentralised? 3. Should Russian be used in official documents and in education along with Ukrainian?; and 4. Should Ukraine join the CIS charter as a full member and become part of the economic union?

Language, curiously, comes up twice in the questions. It is a particularly sensitive point in a region where the Ukrainian language seems foreign. In Lviv, Russian may be the language of Soviet oppressors. But in Donetsk, Russian has been their history for the last 350 years. Mrs Solovyova explains: "Why can't Russian be an official language too? That's what we speak. You know, I used to feel that I could be part of Ukraine, but now I don't feel Ukrainian at all. I just feel Soviet."

Unpredictable results are likely from an electoral system with conflicting aims, writes **Robert Graham**

Italian election looks set to strain ties that bind political alliances

For the first time, this Sunday and Monday, a European democracy is electing a parliament with two totally different voting systems based on opposite principles of representation.

Italy is introducing British-style first-past-the-post majority voting to elect 75 per cent of both houses, but has retained proportional representation for the rest.

This curious hybrid requires considerable sophistication from the electorate and will produce some unpredictable results with 15 main parties in the ring. Nevertheless, neither of the two main alliances – the Progressives and the Freedom Alliance – is likely to win outright.

On the one hand, the majority vote has encouraged the formation of alliances and the move towards a bi-polar political system. On the other, proportional representation is designed to both reward and preserve the smaller parties. While the former system is intended to produce a clear-cut victory of one party or alliance, the latter militates against a clear result by seeking to create a group of balancing seats in the hands of small parties, who will then determine which alliance has a majority.

The inclusion of this proportional balance was a deliberate move by the Christian Democrats, Socialists and their allies who held the majority in the outgoing parliament. They believed they would be in the centre orchestrating the formation of the next government.

These conflicting electoral principles have determined all parties' strategies. No one could afford to fight the election on its own.

First to realise this was the former communist Party of the Democratic Left (PDS), which mobilised an alliance of "progressive" parties to contest local elections last June and again in November. Back in December the PDS-led seven-party alliance looked a near certain winner.

Indeed, media magnate Silvio Berlusconi's decision to enter politics in January was determined largely by other parties' inability to forge alliances and the consequent fear of the PDS sweeping the board. His choice of partners was determined by the refusal of the centre parties to entertain his political ambitions.

This left him no option but to team up his Forza Italia movement with Mr Umberto Bossi's populist League in the north and Mr Gianfranco Fini's neo-fascist MSI/National Alliance in the centre and south. Whatever was said to the contrary in public, both League and MSI were happy to benefit from the Forza Italia media umbrella and the extra votes Mr Berlusconi promised to bring from the centre.

The centre was the last to agree an alliance strategy. This was partly the fault of Mr Mario Segni, the referendum leader and former Christian Democrat. He flirted with the League and was courted by Mr Berlusconi and by the PDS. Unable to make up his mind or making unacceptable conditions, he was left with the Christian Democrats, rebaptised as the Popular Party (PPI), as the sole prop.

Mr Berlusconi has made an extraordinary impact in a short time. The use of his media empire to launch him and the exploitation of his Fininvest network of business interests to organise Forza Italia have played an important role. But his success is arguably a direct consequence of the collapse of the credibility of the centre parties which traditionally accounted for over 40 per cent of the vote. His was the most appealing face and the most reassuring message for middle class Italy worried by political instability and recession.

Yet, for a man who claims to have at least a quarter of the national vote, he explained extraordinarily little of his plans to achieve his "new Italian miracle". His strength, and potential weakness, lies in this being a post-ideological election. Forza Italia is not a political name but associated with football: it is run on the lines of a supporters' club backed by the Fininvest managerial expertise. It is built round the core of Publitalia, Fininvest's advertising arm, and Standa, the stores group, and its programme looks like a company report. Voters are targeted like potential buyers. Mr Berlusconi's post-ideological appeal has attracted League voters in the north disenchanted with Mr Bossi's dogmatic stand on federalism and his over-confrontational style. Forza Italia could even claim credit for removing the threat of northern separatism.

The PDS, meanwhile, is presenting itself as a "respectable" social democratic party, free of the old communist bogey label. At the other end of the scale, the MSI has changed its name to National Alliance and claims the fascist label no longer applies. The new respectability of the MSI championed by Mr Fini, despite some ugly figures in the background, has found a large echo and could be one of the big surprises.

The Christian Democrats, whose raison d'etre was the Catholic vote in the cold war against communism, have dropped their religious identification and have revived the name of the party's forbear in the twenties, the Popular party. The church, itself, for the first time, is faced with a split in the Catholic vote.

In this campaign the principle problems suffered by the alliances have been related to the old ideological connotations. The PDS has been damaged by the statements of its Progressive ally, Reconstructed Communism. Calls for raising taxes on government bonds arouse fears of soaking the rich even though the party is clearly posturing to its own electorate.

Equally, Mr Berlusconi has given a greater mantle of respectability to Mr Fini. He accordingly suffers when the old corporatist attitudes of the MSI surface and clash with the media magnate's professed free market belief. The MSI/National Alliance colours the Freedom Alliance and forces Mr Berlusconi more to the right. This suits Mr Fini who is less concerned about entering the government than playing for the next elections.

Mr Berlusconi insists in public that he would form a government with the MSI. But the League says it will not be in the same government as the MSI. Thus it is hard to see the Freedom Alliance in government in its present form. By the same token, Reconstructed Communism is an uncomfortable partner in government for the PDS. The party is unacceptable if the Progressives need to treat with the centre.

As the campaign has matured, the difficulties of either main alliance forming a government have become more obvious. This has enabled the centre Pact to present itself as a viable counter-weight and may well attract voters for this reason. However, it can only pick up seats on the proportional lists.

Opinion polls have been banned since March 15. But party analysts talk of the Progressives winning 230-270 seats, the Freedom Alliance 260-300 and the Pact 40-70. These parameters envisage no outright majority and many commentators suggest the next government will be an institutional one, even led by the outgoing premier, Mr Carlo Azeglio Ciampi. Whoever governs, a first task will be electoral reform to ensure that Italians can vote for a clearly identifiable government.

Senior members of the Italian magistrature yesterday sought to reduce the political tension caused by Wednesday's removal by police of documents on candidates from Mr Silvio Berlusconi's Forza Italia headquarters. *Meeting in special session they said the action so close to the elections was "at best inopportune"*, writes Robert Graham.

Mr Berlusconi was yesterday granted a meeting with President Oscar Luigi Scalfaro during which he voiced his concern about the behaviour of magistrates. The police action had been prompted by a request for lists of Forza Italia candidates and club members in various parts of Italy. It came from a magistrate at Palmi near Reggio Calabria investigating the links between membership of secret masonic lodges and organised crime.

However, it emerged yesterday that the request for the information had come from a magistrate who was shortly due to be posted away from Palmi. It is possible that disciplinary action will follow.

But while saying the timing of the police action was inappropriate, the senior magistrates pointed out that there had been no "seizure" of documents – merely a normal request for information.

Mr Berlusconi denounced the move as political intimidation by the magistrature which he claimed was infiltrated by the former communist Party of the Democratic Left (PDS).

Yesterday there were signs the incident had been itself blown out of all proportion by Forza Italia to pose in the guise of victim. Mr Berlusconi himself played the victim late on Wednesday in his sole television debate with his main opponent, Mr Achille Occhetto, PDS leader. The debate was largely taken up with mutual recrimination and neither went into details of his economic programme.

Yesterday, in an unusual move, the leaders of Italy's unions and Confindustria, the industrialists' federation, appealed for last July's historic wage productivity deal to be honoured by the next government. This was an implicit warning to Mr Berlusconi with his free market ideas on labour relations to keep his hands off it.

Programmes aplenty but few new ideas

By Robert Graham in Rome

Every party in this campaign has gone through the motions of presenting a programme.

This in itself is a considerable novelty. Italian parties have never previously bothered with programmes because it was taken for granted who was likely to win the elections.

Thus people either voted for the five prospective government parties or the opposition. In the case of the government vote, the electorate knew there would be near complete continuity with the policies of the outgoing coalition. A vote for the opposition was never a credible endorsement of a programme of government.

However, this time a large number of parties could form part of the next government. They have been obliged therefore to prepare policy proposals – but what is on offer bears all the signs of being hastily conceived.

At the same time no one party has come up with original ideas to tackle the problems of Italy's huge debt stock,

What is on offer bears signs of hasty conception

rising unemployment and inefficient administration. Nor, despite appearances, is it a real battle between a free market right and a statist left.

The Progressive Alliance on the left has come to endorse the market economy and believes in the Maastricht criteria of convergence. Meanwhile, the right's Freedom Alliance contains an odd mix of Forza Italia's enterprise culture and the neo-fascist MSI's long-standing ideas of the corporatist state.

Economic policy guidelines: The Progressives openly support a continuation of the present government's internationally approved policy of budget austerity, bringing inflation below 4 per cent and ensuring the debt stock as a percentage of gross domestic product peaks in 1996. The centre Italian Pact follows the same line but says so more discreetly. Forza Italia has played down austerity for electoral reasons and placed the emphasis on stimulating a rapid recovery.

Taxes: All parties agree on the need to simplify the jungle of direct and indirect taxes. The most radical approach is that of Forza Italia which also favours a 33 per cent single rate of income tax. The main disagreement between "left" and "right" is over the role played by tax incentives. Mr Berlusconi sees tax breaks as an important stimulant of new investment. The Progressives are afraid to be seen lowering the tax burden on the rich.

All want to avoid any further increase in fiscal pressure (currently at 42 per cent). The Pact talks of imposing a constitutional limit of 40 per cent; Forza Italia wants to reduce pressure by one percentage point a year over the next decade. Both the Northern League and the PDS want to reduce the excessively centralised tax system and make it more federal with greater power for the regions.

Jobs: Employment is the electorate's biggest concern and the parties recognise they have to demonstrate a commitment to create jobs. This raises the most stark contrast in policies. The left is placing much hope on the Delors plan for stimulating Europe-wide employment through grand infrastructure projects. The Progressives also emphasise raising standards of professional training and channelling investment (public and private) into areas of high-technology. The right, especially Forza Italia and the League, believe the key lies in greater flexibility in the labour market, with easier rules on hiring and firing – coupled with fiscal incentives to hire personnel.

Social security: There is a contrast between the left and centre's belief in the value of a revitalised and slimmer welfare state, and the right's pledge to create more room for private initiative in healthcare and pensions. The growing deficit in the state-operated pensions scheme has forced all parties to propose solutions.

Forza Italia and the League want to create the conditions to permit a rapid shift towards private pension funds. The Progressives believe existing legislation on pension funds is sufficient and would ensure that the state continues to guarantee a safety-net for the less fortunate. Almost certainly the next government will be forced to speed up the gradualist move to raise the pensionable age to 65.

Privatisation: Save reticence from the MSI and Reconstructed Communists at opposite ends of the spectrum, the parties endorse a slimming of state involvement through privatisation. The existing privatisation programme is likely to be respected. The main differences centre on the timetable and the residual control of the state in "strategic" areas like telecommunications (Telecom Italia) and energy (Eni). Forza Italia wants the process to move more quickly and the state to withdraw more completely. The centre and left would respect the Ciampi guidelines but the left will be tempted to retain some control over telecoms and Eni.

Foreign policy: Italy's commitment to the European Union is supported by the main parties. The degree of commitment will be determined by the strength and/or weakness of the next government. All parties are anxious to see Italy play an active role in resolving the crisis in former Yugoslavia. The right wants to see a more active overseas military role and is committed to raising the profile and professionalism of Italy's armed forces. All parties would be forced by budgetary constraints to cut foreign aid.

The new political geography from left to right

Chamber of Deputies (lower house): 630 seats. 48.3m voters (18 years or older). Voter has two votes, one for individual candidates and one for party lists. 475 seats in single-seat, plurality contests grouped into 26 constituencies. Voters vote for individual candidates. 155 seats allocated by a form of proportional representation (PR). Voters vote for party lists.

Senate: 315 seats. 42.7m voters (25 years or older). Voter has one vote, castable for a candidate (either linked to party list or an independent) in a single-member seat. 232 single-seat, simple-plurality contests, grouped into 20 constituencies. 18 regions have additional seats (83 nationwide) allocated by a form of PR.

PROGRESSIVE ALLIANCE

Democratic Party of the Left (PDS)

Leader: Achille Occhetto

Dominant in the alliance, with highly effective infrastructure. Heir to Communist Party, now espousing social democracy and hoping to demonstrate Italy is mature enough to have its first post-war government of the left. Ably led by the first political leader to see the importance of alliances under new electoral laws.

La Rete

Leader: Leoluca Orlando

Sicily-based clean government movement. Leader is former Christian Democrat mayor of Palermo who was triumphantly re-elected on Rete ticket last December. The movement, left-wing Catholic in inspiration with isolated pockets of strong support nationwide, will sweep western Sicily.

Reconstructed Communism

Leader: Fausto Bertinotti

Rump of former Communist Party that refused to foreswear Marxism and join PDS; leader is former head of a hardline faction within the main trades union federation. Core of support is in industrial areas. Party at loggerheads with PDS on tax policy (raise taxes on government bonds) and foreign policy (withdraw Italy from Nato).

Greens

Leading figure: Carlo Ripa di Meana

Despite constant internal scraps, the Greens have broadened their appeal with a semi-collegiate leadership and the distant stewardship of Ripa di Meana, a former EU commissioner. Important in attracting young voters plus support in areas with major environmental concerns.

Democratic Alliance

Leading figure: Giuseppe Ayala

Conceived as umbrella of centre-left to attract politicians across traditional party lines when old political system faced collapse. Main figures come from the Republican Party, like former anti-mafia judge Ayala, plus a few Christian Democrats and some from PDS. But it has not found way to avoid being swallowed by PDS.

PACT FOR ITALY

Popular Party (PPI)

Leader: Mino Martinazzoli

Formed from the mainstream of the dissolved Christian Democrat Party. Under its leader, the former Christian Democrat head, it seeks to be the Catholic party of the centre, but appeal has been weakened by corruption scandals and the lack of known new figures to promote.

Segni Pact

Leader: Mario Segni

Movement gathered round referendum leader Segni but has suffered from his oscillations. Having left the Christian Democrats and refused to deal with either the PDS or Forza Italia, he is now effectively back as the leader of the old/renewed Christian Democrats as the balancing force in the centre.

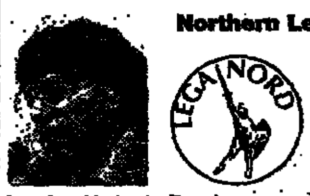
ALLIANCE FOR FREEDOM

Forza Italia

Leader: Silvio Berlusconi

Movement created in less than four months by media magnate Berlusconi, using the resources of his Fininvest empire. He defines movement as "liberal", endorsing free-market policies. But success has been based on leader's self-made-man image and the novelty of Forza Italia.

Northern League



Leader: Umberto Bossi

Populist movement in northern Italy that gathered round Bossi's charisma and pugnacious oratory. Movement has since graduated from a protest force to a genuine party with federalist demands. Remains rooted in the north and has been forced by the electoral system to seek uncomfortable allies like Forza Italia and National Alliance.

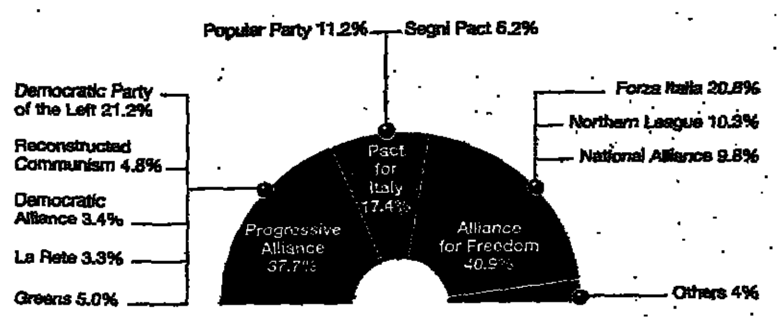
National Alliance

Leader: Gianfranco Fini

The neo-fascist MSI rebaptised as the National Alliance. Fini, the most astute young politician in the country, has sought to shake-off the party's long-standing identification with the Mussolini era. The party, which has benefited from the collapse of the traditional ruling parties, is strongest in the south.

Two main blocs running neck-and-neck

Last permitted public opinion polls, La Repubblica, March 9



Business ponders which runner to back

New political system is causing concern in nation's boardrooms, writes **Andrew Hill**

There seem to be two parallel election campaigns in Italy. One is the colourful televised spectacle, a parade of new or relaunched parties inflated by rhetoric and garnished with new slogans and logos. The other is the attempt by the same protagonists to appear greyer than their rivals, to shake off or play down potentially embarrassing links with neo-fascism, Marxism and corruption scandals.

It is this second campaign which Italy's business community is watching. According to Mr Marco Borsa, editor of the Milan-based business magazine Espansione, companies are fearful of the future. "They were used to working under the old political system."

That fear is compounded by the fact that it is difficult for the business community to interpret the signals put out by the three main political groupings.

As creator of the Fininvest group, Europe's second largest media empire, Mr Silvio Berlusconi, Forza Italia's founder, ought to have the edge in winning the entrepreneurial vote. Last Sunday he tried to highlight this strength in a radio debate with his main Progressive opponent, Mr Achille Occhetto, leader of the Party of the Democratic Left (PDS).

"In government it's particularly important to have someone concrete, who knows how to organise things, get results and come up with ideas. This activity is much closer to my training than that of a party leader, who may know his party apparatus, and how to handle interviews, party rallies and TV slots, but has never had to deal with the concrete problems of the workplace," he claimed.

But Mr Occhetto has been working hard at home and abroad to offset fears about the Progressive Alliance, whose ranks include not only the PDS but the unabashed hard left of Reconstructed Communism, a party which has frightened investors by threatening to tax government bonds. Last month Mr Occhetto even spent 24 hours in the City of London, reassuring bankers and brokers that his was the party of fiscal prudence, continued privatisation and reform of the public administration.

Mr Berlusconi may also have alienated some of the business constituency with a colourful attack on the Confindustria employers' federation earlier this month. He claimed that the federation, of which he is a council member, was not a place for real entrepreneurs.

As a result, business support could well be split next Sunday. Indeed, company executives are standing for almost all parties. In Milan, for example, Mr Ernesto Gismondi, head of the Artemide design group, is a Progressive candidate in spite of having been a missile expert and Nato consultant.

Under the circumstances, it is hardly surprising that few companies will commit themselves publicly to supporting one group of parties.

Confindustria itself eschews political commentary. Instead, the media has speculated about the voting intentions of Mr Gianni Agnelli, head of Fiat and a traditional reference point for the industrial mood of Italy. A party thrown by a Fiat lawyer this week for Mr Valerio Zanone, candidate for the centrist alliance in Turin, was taken as evidence that the Agnellis were backing the centre. Gianni himself has made no clear pronouncements.

Certain small businesses, widely courted by prospective candidates, particularly in the north, are more partisan. Mr Beppe Palma co-ordinates a Milan-based lobby group for small and medium-sized enterprises which has pinned its hopes for the past four years on the federalist Northern League. He admits, however, that politicians can easily commit themselves to helping small and medium-sized companies, then forget about them once in power.

In any case, according to some entrepreneurs, the final choice may not make much difference. Mr Luciano Benetton, chairman of the international clothing group, points out that all parties face the same challenges as the outgoing technocratic government: reducing unemployment and the public debt, continuing privatisation and reform.

Behind the electoral hyperbole, the manifestos of the three main groups are broadly similar.

Mr Panfilo Tarantelli, who heads the Milan office of merchant bank Schroders, is similarly calm about the effect on markets. "There is really nothing in the three programmes which is alarming or would lead to the conclusion that Italy is becoming a risky country [for investment]."

In an opinion poll at the beginning of this month for the newspaper Corriere della Sera, institutional investors, fund managers and brokers suggested that an outright victory for the centrist alliance would probably be the best result for the bond and stock markets. Unfortunately for investors, a centrist victory is the least likely outcome. Probably no group will have a majority.

But as more cynical observers point out, a few weeks of post-election manoeuvring will at least give those companies still sitting on the fence plenty of time to adjust their politics to the prevailing mood.

Voting rules leave public perplexed

By Robert Graham

The new election laws are in the best tradition of Italian legislation – complex and confusing.

The Ministry of the Interior has been obliged to run daily television spots explaining how the voting system works. It has also obligingly published a 544-page booklet on all the electoral laws since 1947.

The impression remains that many people remain perplexed. They certainly do not understand the finer points of the new system which is split between majority voting (first-past-the-post) and proportional representation.

Although constituency boundaries have been redrawn for these elections to accommodate population changes and create smaller electoral colleges, the number of seats remains the same. The Chamber of Deputies has 630 seats with roughly 130,000 voters per seat. The Senate has 315 seats with broader regional constituencies.

Under the new system 475 seats in the chamber are elected by majority voting and 155 by proportional representation. The same 75/25 per cent split applies in the Senate.

For the chamber, voters are given two voting slips – the first has candidates on the majority list, the second candidates on the proportional list. The majority vote is straightforward: the candidate with the most votes wins the seat.

The complex part relates to the seats elected by proportional representation. Before the proportional votes are totalled at national level, a mechanism is introduced which favours the small parties and penalises those parties which have already seen their candidates win seats in the majority vote. This is on the principle that the smaller parties will win few seats in the majority vote, which favours candidates in big parties or in alliances controlled by a dominant party.

To qualify for any of the 155 proportional seats, each party must have 4 per cent of the vote nationally. Two of the traditional minor partners in government, the Liberals and Social Democrats, have been well below this threshold since 1987.

The proportional candidates for parliament are selected from party lists, according to the dictates of the leaders. Candidates can contest one majority seat, which they must accept if they win or risk losing it to the runner-up party. However, majority vote candidates can also stand in up to three proportional lists to hedge their bets.

All the leading candidates in the parties are standing in both the majority and the proportional lists – often in two or three. For instance, Mr Gianfranco Fini, the MSI/National Alliance leader, is a majority candidate in Rome, and a proportional candidate in Lazio and a Trieste constituency. Mr Achille Occhetto is a majority candidate in Bologna and then a proportional candidate in Lazio.

Singapore set to order 52 airliners

By Paul Betts, Aerospace Correspondent

Singapore Airlines (SIA) is set to place an order for up to 52 wide-body airliners worth more than $6bn (£4.1bn) to meet the airline's expected 8-9 per cent annual growth during the next 10 years.

The proposed order, which matches in size the recent decision of the Saudi Arabian carrier Saudia to acquire $6bn worth of new airliners for its fleet renewal and expansion programme, has already sparked a fierce contest between Boeing of the US and the European Airbus consortium.

Both Boeing and Airbus have already submitted rival proposals to SIA after the South-East Asian carrier invited them to tender. The three leading aero-engine manufacturers – Pratt & Whitney and General Electric of the US and Rolls-Royce of the UK – have also submitted bids to supply the power plants for the SIA order.

SIA has told the bidders it had a requirement for 22 Boeing 747-400 jumbos and 30 Airbus A340 long-range airliners for delivery starting in 1997 and running through to 2003.

These new aircraft orders are in addition to 12 Boeing 747-400s and 13 A340s the airline already has on option.

Although SIA is considering at present buying a mix of Boeing and Airbus wide-body airliners, it has also indicated to the bidders it could opt for just one aircraft type if it received a sufficiently attractive proposal from one of the two manufacturers.

The separate negotiations over the conversion of SIA's Boeing and Airbus options are also likely to have an impact on the airline's proposed $6bn order since the manufacturers can be expected to use these negotiations to offer an overall package to enhance their chances.

The stakes are big because aircraft orders of this magnitude continue to be rare in the troubled airline industry. The European Airbus consortium is particularly anxious to clinch the Singapore deal after losing out to its US rivals, Boeing and McDonnell Douglas, in the Saudia contest.

SIA is also regarded as a prestige customer for the manufacturers because it is one of the few strongly profitable airlines based in the world's fastest growing aviation market of Asia-Pacific.

The company has never cancelled a firm order in its history.

Although SIA has also been hit by the world airline industry downturn during the last three years, it has pursued its strategy of maintaining a young fleet, averaging about five years, by regularly acquiring new aircraft and selling its older airliners.

The new $6bn order, expected to be placed in two to three months' time, reflects SIA's growth strategy which will see the airline doubling in size during the next 10 years.

"We are pressing ahead with our programme of steady growth," Dr Cheong Choong Kong, SIA's managing director, confirmed in an interview in Singapore last month. He added the airline was confident it could sustain annual growth rates of 8-9 per cent till the end of the decade.

Dr Cheong stressed that SIA had no funding problems at present, with group cash reserves of Singapore$1.3bn (£553m).

To boost its aircraft resale and leasing activities, SIA is also expanding its aircraft and aero-engine maintenance business to offer maintenance packages with second-hand aircraft sales.

It has just formed two joint ventures with Pratt & Whitney, which has supplied up to now the power plants for SIA's Boeing 747 fleet, for jet engine repair services in the Asia-Pacific region.

A Vietnamese technician checking an old telephone line system in Hanoi yesterday Reuter

VIETNAM IN FRENCH PHONE DEAL

France Telecom, the French state telecommunications group, has signed a $500m (£342.4m) agreement in principle with the Vietnamese authorities to upgrade Vietnam's telephone network, Our Foreign Staff writes.

It will be France's biggest project in Vietnam, where it is a leading foreign investor.

Details of the agreement and of financing were not immediately available. But it will provide a big increase in the number of telephone lines in Vietnam as well as managerial help.

Vietnam is upgrading its telephone network and international telecommunications links as part of efforts to build a modern economy based on market principles.

Hidden hurdles for Uruguay Round

By Guy de Jonquières, Business Editor

When ministers from more than 100 countries gather in Marrakesh, Morocco, next month to sign the Uruguay Round, there is bound to be much self-congratulation on having achieved the most far-reaching world trade liberalisation package in history.

However, their festive spirit will be tempered by awareness that the deal will not be finally in the bag until it has been ratified by their own legislatures – or at least by most of the economically more important members of the General Agreement on Tariffs and Trade. And on that score, a number of worrying uncertainties remain.

Negotiators have agreed in principle that the process should be completed in time for the round's provisions, including establishment of the planned World Trade Organisation, to take effect by July 1 next year.

But urged on by the Gatt secretariat, several leading industrialised powers have indicated that they are aiming for ratification by the end of this year. Though the deadline is informal, it has started to acquire considerable psychological importance in Geneva. However, it also looks increasingly ambitious. While all governments say they are confident of mustering the necessary legislative backing, there are growing risks that ratification could be sidetracked in several national capitals by procedural complications or by political obstacles not directly related to trade policy.

Serious delays among the "Quad" powers – the US, the European Union, Japan and Canada – would defer realisation of the economic benefits of further trade liberalisation. Equally important, they could check the momentum by lessening the pressure on other, smaller, countries to ensure speedy ratification of the round.

Until recently, the main doubts centred on the prospects for early action by the US Congress. Not only have these deepened since the start of this year; but fresh uncertainties have emerged about the outlook in the EU, where an internal wrangle has arisen over jurisdictional issues, and in Japan, where parliament is already late with its existing timetable.

In the US, the Clinton administration had originally aimed for congressional ratification before the summer recess. But the timetable has been jolted by the need to compensate for revenue losses caused by planned tariff cuts.

The losses have been put at at least $13.5bn (£9.2bn) over five years. Mr Richard Gephardt, leader of the House Democrats, has suggested they could total $40bn in the next decade. Under budget rules, the shortfall must be made good by tax rises or reduced spending.

In Europe, the fate of the round has been complicated by an arcane controversy about who is entitled to ratify it on behalf of the EU. The European Commission, backed by the European parliament, claims it has the necessary authority. But most member governments disagree. The 12 contend that while the commission was empowered to negotiate on their behalf, EU law requires that their own parliaments approve those parts of the package dealing with the creation of the WTO, liberalisation of services and intellectual property rights.

In an effort to resolve the row, Brussels plans next month to seek an opinion from the European Court. The commission claims to be confident of a decision in its favour which would enable it to ratify the entire agreement and leave national parliaments to give their assent at their leisure.

However, there are two possible catches. One is that the court is unlikely to rule before autumn at the earliest. The other is that if its ruling goes against Brussels, the EU will be unable to ratify the round until it has been approved by every national parliament.

The Japanese parliament will be unable to tackle the Uruguay Round during its current session because of blocking tactics by the Liberal Democratic Party, which has refused to discuss the coming year's budget until prime minister Morohiro Hosokawa divulges more details about a Y100m (£637,000) loan from a trucking company.

The package will be submitted to a special parliamentary session in the autumn, which will also be asked to consider controversial tax reform proposals and a bill to redraw the country's electoral boundaries. "It is going to be a very tight schedule," says Mr Koro Bessho, director of the foreign ministry's Gatt division.

Additional reporting by Will Dawkins in Tokyo, and Nancy Dunne in Washington.

Europe urged to set specific health targets

By Clive Cookson, Science Editor

FT

Other countries in Europe should follow Britain's example and set specific targets for the health of their citizens, the Financial Times World Pharmaceuticals Conference in London was told yesterday.

Mr David Anstice, who heads the European pharmaceutical business of Merck, the largest US drug company, said governments were obsessed with financial accountability and neglected their parallel responsibility for improving health. "To achieve these improvements, governments should identify priorities and set measurable national health targets." The only example so far, he said, was the 1992 UK White Paper on health, which identified five priority areas with targets for the year 2000.

If such targets were taken seriously, they would encourage governments to spend their drugs budgets more wisely, Mr Anstice said. At present they waste money on cheap but ineffective "comfort medicines" without patent protection, when they could get better value by encouraging doctors to prescribe more effective new drugs.

The pharmaceutical industry has traditionally focused its marketing and promotional activity on the doctor, rather than the patient.

But the message to the conference from Mr Thomas Moore, president of Procter & Gamble's US pharmaceutical business, was: "Don't forget the consumer."

Mr Moore said most drug companies lacked the marketing skills required to sustain a profitable long-term income from products which switched from prescription-only to over-the-counter status.

The normal approach was to milk them for short-term profits rather than creating brand loyalty.

Mr Kurt Briner, president of France's Sanofi Pharma, agreed that "in addition to supporting a growing share of the expense, patients want to have more say in the choice of drugs prescribed. This attitude is rapidly gaining momentum."

Japanese carmakers try to cut barriers

By Michiyo Nakamoto in Tokyo

The Japan Automobile Manufacturers' Association yesterday announced a voluntary plan to increase access to the Japanese market for foreign vehicles and parts.

The plan, which follows persistent US pressure on Tokyo to improve the market environment for foreign vehicle and parts makers, is aimed at deflecting US criticism of trade barriers to the Japanese market. It is being offered as an alternative to US requests for government-led action to open the country's vehicle market.

The plan calls for increased exchanges among vehicle and parts industries worldwide, support for foreign vehicle makers in Japan and better availability to foreign companies of information concerning the Japanese market.

The issue of car and parts sales has been particularly thorny, as the sector makes up 60 per cent of the US trade deficit with Japan. Japan has been criticised for providing insufficient information to foreign car makers and for regulations and business practices which hinder sales of foreign-made parts to the Japanese after-market.

Japanese officials have refused to commit themselves to US proposals for government action in the industry, claiming that such activity in the private sector would constitute managed trade.

The association's plan was timed to precede the government's launch of a programme to open up the country's markets.

Caribbean Basin nations on course for trade bloc

By Canute James in Kingston

Representatives of 22 countries and several dependent territories in the Caribbean Basin have concluded the first round of talks aimed at creating a new regional trade group.

The Association of Caribbean States – its provisional title – will start as a consultative group linking up to 25 countries as full members and 15 dependent territories as associate members. It could eventually become the world's fourth largest trade bloc.

The draft convention, discussed in Kingston, will be studied further at a meeting in the Dominican Republic in May, before being taken up by ministers in June. Members will sign the agreement in July.

Prospective members of the ACS include Colombia, Mexico, Venezuela, Cuba, Haiti, the Dominican Republic, the Central American states, Surinam and members of the Caribbean Community.

According to the draft convention, the group's main objectives will be liberalising trade and investment; co-ordinating negotiating positions on bilateral and multilateral issues; and promoting investment opportunities in the Caribbean Basin.

"We are creating an environment and it is the beginning of the process," said Mr Edwin Carrington, secretary general of the Caribbean Community (Caricom), which is co-ordinating the formation of the ACS. But the 25 countries which had sent representatives to the meetings had the potential to create the world's fourth biggest trade bloc.

The likely membership of the ACS has a combined population of 200m people, an estimated gross national product of $500bn (£342bn), estimated annual merchandise exports of $80bn, and annual merchandise imports of $100bn.

There is already some uncertainty over how Cuba will fit into the group. Some delegates to the Kingston conference said they expected, but would not be deterred by, US irritation at Cuba's participation, although this could worry other potential members. Two US Caribbean possessions – Puerto Rico and the US Virgin Islands – are unlikely to be interested in the group because of Cuba's participation.

Somalia's clans tire of war

Leslie Crawford on the prospects for a fragile peace accord

Somalia's arch-rivals, Gen Mohamed Farah Aideed and Mr Ali Mahdi Mohamed, embraced yesterday in Nairobi and pledged to form a government of national reconciliation only hours before the last US troops were due to pull out of Somalia.

The two warlords, promoted to "faction leaders" by a more conciliatory United Nations, signed an agreement which commits them to implementing a ceasefire, disarming their militias, and holding a conference on May 15 to elect a president, vice-presidents and a prime minister for their war-torn country.

Somalia has not had a government since Gen Mohamed Siad Barre was overthrown in January 1991 and rival clans plunged the country into civil war.

Details of the new agreement were sketchy. The short declaration did not explain how power would be shared among the 15 clans and numerous sub-clans who have fought so bitterly for hegemony over the past three years.

Somaliland, the former British colony which straddles the north-west of the country, has unilaterally declared independence and did not take part in the Nairobi talks.

Gen Aideed and Mr Ali Mahdi have embraced before, only to resume fighting across the green line that divides Mogadishu. Two previous peace agreements have collapsed.

But all sides were keen to put a positive gloss on yesterday's proceedings. Mr Ali Mahdi spoke of "a new determination in Somalia... to deal with conflict peacefully and collectively".

Ambassador Lansana Kouyate of Guinea, who brokered the peace talks on behalf of the UN, said the present agreement had a greater chance of success because "the Somali people and their leaders are tired of war".

The new climate of understanding rests on fragile ground. On Wednesday night, Mr Kouyate announced the peace talks had collapsed, after Somali factions called off their reconciliation ceremony for the third time in a week. Yesterday, he cautioned the new agreement was "only a beginning".

Mr Kouyate leaned heavily on the factions to reach some kind of public understanding before the departure of US troops, which many feared would bring back anarchy and violence to Somalia. The agreement, however cosmetic, will buy the UN time in which to readjust its operation in Somalia in the face of its rapidly crumbling military presence there.

The withdrawal of the 28,000-strong US force and all the European contingents has turned a multinational UN peacekeeping force into a Third World operation with uncertain aims. Pakistan, with the largest contingent in Somalia, is threatening to withdraw its 5,300 soldiers unless the UN provides better military hardware. "Are the lives of Pakistanis cheaper, or is our job to be completed less effectively?" asked Mr Sardar Aseef, the foreign minister, during an inspection tour this month.

All sides involved are keen to put a positive gloss on yesterday's pact

The complaint masks the impotence of the peacekeepers who remain. Mogadishu airport is looking bereft without the display of heavy weaponry that marked the 15-month stay of US troops. Aid agencies say looting and banditry are on the rise. On Sunday, two Italian journalists were shot dead in Mogadishu. Seven aid workers have been kidnapped since January.

But UN soldiers have avoided any action that might bring them into conflict with lawless gunmen ever since a battle in October which killed 18 US soldiers. "A bunker mentality pervades the fortified UN compound in Mogadishu," says Mr Richard Burge of the British charity Save the Children Fund (SCF). "Having an international force in Somalia has only given us a false sense of security."

When an SCF warehouse came under attack from looters in Belet Wein last month, Italian peacekeepers stationed in the town failed to come to the rescue. "They just switched off their radio," Mr Burge said.

Few aid workers believe clan leaders can regain control of their gunmen. "Real disarmament will be a task for the new government," Gen Aideed said yesterday. So will the creation of a police force, an independent judiciary, and all the civil institutions which Gen Aideed and other warlords so effectively destroyed. For the moment, at least, it appears Somalia's fractious clans have more to gain from talking than from fighting.

Leaked letter upset for ANC

By Matthew Curtin in Johannesburg

A leaked letter of intent sent by the South African government to the International Monetary Fund last year threatens to embarrass the African National Congress.

The ANC put its name to a document committing a new government to fiscal and monetary discipline as a precondition for securing a five-year $850m (£574m) loan for drought relief.

Mr Alec Erwin, a leading ANC parliamentary candidate, this week argued against rigid deficit ceilings, in favour of greater flexibility.

But Mr Tito Mboweni, the ANC's representative on the Transitional Executive Council's finance committee, said it regarded the IMF letter of intent as "binding".

The letter, signed by the TEC, the multiparty body overseeing government, recognises the importance of tight monetary policy, and states that "increases in government deficit would jeopardise the economic future of the country".

Mandela calls for action in Natal

By Patti Waldmeir in Johannesburg

Mr Nelson Mandela, president of the African National Congress, yesterday called for military action to help resolve the crisis in Natal province, where more than 80 people have died since the weekend in election-related violence.

Mr Mandela declined to give details of his proposal for military action, which he discussed yesterday afternoon with President F W de Klerk. Mr Mandela said political measures should be taken but added "they must be co-ordinated with measures as far as the military situation is concerned." It appeared last night that the two men had failed to agree on the details of such action.

Mr de Klerk said after the meeting that "contingency plans" had been prepared to increase the security force deployment in Natal. But he said he wanted to meet Chief Mangosuthu Buthelezi, the chief minister of KwaZulu black homeland and leader of the Inkatha Freedom Party, as soon as possible to seek a political solution to the crisis.

"The government is prepared, willing and able to ensure that law and order will

Mandela: contingency plans

be effectively maintained. Natal is a very difficult province to police... We will be here in greater numbers in the days and weeks to come to deal with the volatile and explosive situation here," Mr de Klerk said.

Military intervention in Natal could dramatically escalate violence in the region, where several thousand KwaZulu civil servants, yesterday marched in protest at the threat of military action. Some 6,000 civil servants marched through the KwaZulu capital Ulundi to demonstrate support for Chief Buthelezi.

They were responding to statements from ANC leaders on Wednesday calling on the multiparty Transitional Executive Council to take over the administration of KwaZulu. Mr de Klerk said last night that the TEC did not have the power to remove Chief Buthelezi. The ANC will today hold an anti-Buthelezi civil servants' protest in the Natal town of Empangeni and a large march through Durban.

Meanwhile, ANC leader Nelson Mandela invited Zulu King Goodwill Zwelethini to meet him at the home of a prominent Natal businessman to discuss the future of KwaZulu. He said the ANC was committed to the idea that "his majesty takes his legitimate place in the new South Africa as the rightful monarch of the Zulu people."

However, Mr Mandela laid down a condition for the meeting – that it be private – which may be rejected by the king. The two men were to have met last week in Ulundi, but Mr Mandela cancelled the meeting after Chief Buthelezi invited thousands of the king's supporters to attend. ANC officials said they feared for Mr Mandela's safety at the meeting.

Hamas deaths spark protests by Palestinians

By David Horovitz in Jerusalem

Clashes erupted in the occupied West Bank and Gaza Strip yesterday, as Palestinians took to the streets to protest against Wednesday's killing of four leading members of the Hamas Islamic movement's military wing.

Palestinian sources said dozens of Palestinians were injured; the Israeli army said three soldiers and three Israeli civilians were hurt. In the Hebron area, Palestinian sources said Jewish settlers fired guns and threw stones at several homes. Palestinians responded by stoning the settlers. And when the army arrived, soldiers fired tear gas to disperse the Palestinians.

About 120,000 Palestinians in the Hebron area have been under strict curfew for a month, since Jewish settler Baruch Goldstein massacred 30 Arab worshippers inside the Cave of the Patriarchs. Only the 400 or so Jewish settlers in the town are allowed to move around freely.

The Israeli army commander responsible for the Hebron area, General Danny Yatom, claimed yesterday that the Hamas militants killed in Hebron were believed to include extremists responsible for the murders of several Israelis. However, since the building where they had been hiding out was devastated it was proving difficult to identify the bodies.

● The PLO yesterday urged rich nations to give more money to support setting up a Palestinian police force in the self-rule areas of Gaza and Jericho, Reuter adds.

"What has been pledged so far is not enough. We need more," said Mr Nabil Shaath, chief PLO negotiator, after Israeli and PLO delegations met representatives of 20 donor countries in Cairo.

He quoted World Bank figures estimating start up costs of $47m and annual costs of $90m for a Palestinian police force in Gaza and Jericho, designated as self-rule areas under an accord signed last year by Israel and the PLO.

Development aid goals must be 'rethought'

By Michael Holman and Jimmy Burns

Donors and beneficiary countries must rethink development goals in the light of radical changes in the world order, according to the Organisation for Economic Co-operation and Development's development assistance committee.

Events since the collapse of the Berlin wall in 1989, including the Mideast peace initiative and the end of apartheid in South Africa, and new demands from eastern Europe and the former Soviet Union, made it "imperative" that aid be used more efficiently.

This should be done "essentially through implementing agreed aid principles and practices", the committee says in its annual report published today.

Aggregate official development assistance (ODA) from the committee's members increased 6.6 per cent in 1992 in nominal terms to $60.4bn (£40.3bn), a 0.5 per cent rise in real terms. Twelve of the 21 member countries increased the volume of their aid, including Sweden, Denmark, and Norway. With the Netherlands, these countries were at or above the UN target of setting aid spending at 0.7 per cent of GNP.

The group of eight countries whose official aid-to-GNP ratio was below the average 0.33 per cent in 1992 includes the US, Japan and the UK. Between them, these countries provide almost 50 per cent of member countries' official aid budget.

Foreign direct investment in developing countries, at $24bn in 1992, was on par with 1991 levels, the bulk of which went to large economies including China, India and Indonesia. Net private flows to the poorest countries and to sub-Saharan Africa were negative in 1992.

Total net resource flows to developing countries (measured in terms of 1991 constant prices and exchange rates) increased $28bn in 1992 to a record $159bn, mainly due to private flows.

The debt situation of developing countries as a whole continued to improve. The stock of debt, which rose 4 per cent in current terms in 1992 to $1,542bn, is growing at a "slower, more serviceable pace". The debt of some of the poorest developing countries, many in sub-Saharan Africa, "continues to be a major burden for development efforts". The ratio of debt stock to GNP for developing countries as a whole was about 37 per cent in 1992 (109 per cent for sub-Saharan Africa).

● The OECD annual aid and development review is to be followed within the next month by a country report focused on the UK.

Publication is likely to refuel the controversy within the UK over the funding of the Malaysian Pergau dam project.

Ms Anna-Liisa Korhonen, a Finnish government official who conducted the UK review for the OECD, said her report did not intend to single out individual projects for criticism. But it is understood the report will reflect OECD concern over aid resources when defence and commercial interests may influence government decisions.

Japanese workers agree to low rises

By Michiyo Nakamoto in Tokyo

Leading Japanese labour unions representing steel, shipbuilding and car workers yesterday agreed to the lowest wage increases seen since 1987 in one of the most fractious spring wage offensives in recent years.

The Japanese Electrical, Electronic and Information Union, representing workers at groups such as Matsushita and Toshiba, warned of industrial action after management refused to better a 3 per cent wage offer for the year beginning April. The union is seeking a 3.2 per cent rise, lower than last year's 3.6 per cent.

Private railway workers were late yesterday poised to go on a 24-hour strike beginning this morning. The railway unions are sticking to their demand of a Y12,000 (£76) a month increase, against an offer of Y10,000.

The pay increases agreed yesterday by the steel, shipbuilding and car industries were among the lowest since the spring wage offensive, known as Shunto, was first launched 40 years ago.

The round coincides with the fourth year of decline in the Japanese economy and a call by business organisations for a general pay freeze.

Yesterday's agreements will set the tone for wage talks in other sectors, giving rise to concerns that the low agreements will put a further dampener on consumer sentiment. Steel workers settled for a 1.56 per cent increase, significantly lower than the 2.65 per cent won last year.

In the car sector, Toyota settled for 3.06 per cent, against a 3.2 per cent demand. Honda set its offer at Y300 below Toyota's; Nissan offered Y800 below Toyota. Shipbuilding and heavy industry workers won a 3.32 per cent increase (4.27 per cent in 1993).

Recovery 'falling into place'

By William Dawkins in Tokyo

Conditions for a Japanese recovery are falling into place, but considerable adjustments are still needed, Mr Yasushi Mieno, governor of the central bank, said yesterday.

Mr Mieno, the latest of several senior officials to suggest Japan's worst post-war recession has reached its trough, said private consumption was improving and industrial output was expected to recover in the first quarter of this year, breaking a 28-month decline.

Many private-sector economists believe the economy touched bottom in the final quarter of last year, when gross domestic product fell 2.2 per cent compared with the same period in 1992. Government forecasters are more cautious, saying an improvement early last year only proved to herald a double-dip recession.

Mr Mieno warned that encouraging statistics, such as an upturn in business confidence, might be merely seasonal and heavy industrial overcapacity would slow growth for some time. Continuing labour market weakness, highlighted by yesterday's low wage offers, was another dampener on demand, he said.

Hosokawa reassures Kim over N Korea

By John Burton in Seoul

Japanese Prime Minister Morihiro Hosokawa said yesterday that his country was ready to support UN sanctions against North Korea if the need arose.

In a meeting with South Korean President Kim Young-sam in Tokyo, Mr Hosokawa advised, however, that the UN Security Council should proceed cautiously on the nuclear inspection dispute with North Korea and attempt to maintain dialogue with Pyongyang.

If the dispute escalated to a point that sanctions would be imposed, Japan would implement all measures that are permitted by the Japanese constitution, he said.

But that condition left open the possibility that Japan might refuse on constitutional grounds to stop the flow of funds to North Korea from pro-Northern Korean-Japanese.

The funds, which are estimated to amount to \$600m (£410m) to \$1.6bn (£1.1bn) annually, are regarded as a vital source of foreign revenue for North Korea, which uses the money to pay for necessary oil and food supplies.

Mr Kim arrived in Tokyo yesterday for a three-day visit before going to China, where he will ask Beijing to intervene with North Korea and convince it of the need to accept international inspections.

Meanwhile, Japanese Emperor Akihito last night expressed a "sense of deep sorrow" about his country's harsh colonial rule of Korea between 1910 and 1945. Seoul's resentment over Japanese rule has been an obstacle in relations between the two countries.

Watching weapons, Page 14

Kim Young-sam, the South Korean president (left), meets Emperor Akihito at the welcoming ceremony in Tokyo Reuter

Russia yesterday proposed a conference to discuss the row over North Korea's nuclear sites, Reuter reports. Deputy Foreign Minister Vitaly Churkin said it could include Russia, the US, Japan, North and South Korea and the United Nations.

Keating set to name Lawrence health minister

By Nikki Tait in Sydney

Australia's prime minister, Mr Paul Keating, was yesterday expected to appoint Ms Carmen Lawrence, the former West Australian premier, to the post of health minister as part of the fourth ministerial reshuffle in as many months.

The portfolio was vacated yesterday by Senator Graham Richardson, one of the Labor Party's most influential power-brokers, who resigned from the cabinet with a view to leaving politics.

Senator Richardson claimed he had already decided to quit after Labor's win in the 1993 election, although he had originally planned to step down in August 1994.

After spending half his adult life in parliament, the senator said he wanted to pursue other interests, beginning with his memoirs. Speculation suggests he is planning to work for Mr Kerry Packer, or he would seek to become chief executive of the Sydney Olympics Games Organising Committee.

For much of the past 10 years, he has been viewed as the key "numbers man" in the federal Labor Party, effectively making and breaking prime ministers. Mr Keating's ascendancy tended to undermine Senator Richardson's power base, and the two men recently clashed in public over possible changes to the Medicare levy. But the prime minister and the senator insisted they were on friendly terms.

Senator Richardson is the fourth senior minister to depart in as many months, and the 15th since Mr Keating took over from Mr Hawke in 1991. There has been no pattern to the departures: Mr John Dawkins left the treasurer's position for personal reasons, Ms Ros Kelly and Mr Alan Griffiths left after differing controversies.

To an extent, the impact of the latest departure has been offset by the publicity surrounding Ms Lawrence's arrival in Canberra. Labor Party members agreed last night she should be given one of the three ministerial positions now vacant, the others going to Mr Gary Punch and Mr Con Sciacca.

Algeria's 'too much blood, too many tears'

Francis Ghilès and agencies report on the escalating violence that has claimed nearly 4,000 lives

The Algerian government began a new round of talks with opposition leaders this week to seek an end to Islamic fundamentalist violence that has killed nearly 4,000 people in two years.

A day after two more Frenchmen were killed, bringing the number of foreigners murdered to 31, Spain joined France in urging its nationals to flee the country.

Violence against foreigners is aimed at scaring away international capital and know-how vital to Algeria's economy, but Algerians themselves are dying daily in this two-year-old fight by Islamic militants to topple the army-backed government that cancelled elections in January 1992.

President Liamine Zeroual, who called last week for talks "without exclusion", met members of the Movement for Democracy in Algeria led by former president Ahmed Ben Bella on Wednesday night, officials said, speaking on condition of anonymity.

The discussion was described as "positive", but there was no elaboration.

President Zeroual's call, however, is yet to be heeded by any leading fundamentalist groups. The Islamic Salvation Front, which seemed set to win the elections because of voter anger with high unemployment, corruption and government mismanagement, has been banned and its leaders imprisoned.

Meanwhile President Zeroual, who also holds the defence portfolio, has bolstered the authority of the chief of staff, General Mohamed Lamari, who is a believer in "eradicating" the supporters of radical political Islam and has been at the forefront of the repression against such groups since last summer.

After a campaign of assassinations of servants of the state – policemen, soldiers, judges and mayors – militants have turned to killing doctors, writers, sociologists and journalists in their struggle to turn Algeria into a country ruled by strict Islamic *Sharia* law. They have also taken to killing women who refuse to wear the veil.

Anger at the government's inability to stem the terrorism and opposition to "any form of dialogue with the fundamentalists" brought 50,000 demonstrators out on to the streets of Algiers, and thousands more in five other centres around the country on Tuesday this week.

The march was led by the widow of the director of the Fine Arts School of Algiers, Mr Abdellah Asselah, who was shot in the head by members of the most radical Islamic group, the Islamic Armed Group (GIA), two weeks ago in Algiers. His son, Rabah, 22, a student at the school was wounded and died shortly afterwards.

"Too much blood, too many tears, together we save Algeria," protesters chanted. "Women have dignity and won't accept shame."

In an "open letter" to President Zeroual, the women's groups said that they "reject exile, submission and compromise".

The marchers threatened to organise themselves into self-defence groups and demanded that the army give them weapons to defend themselves. Marches also took place in Oran, Annaba, Constantine, Bejaia and Tizi Ouzou.

Intellectuals have been caught up in the confrontation between a *nomenklatura* which has held power and privilege for 30 years and the radical Islamists who say in their tracts that "those who criticise us with their pen will die by the sword".

Mr Said Allah Djaafar (the sword of God), one of the leaders of the GIA, recently told a magazine, that intellectuals were "apostates" who deserve the same fate as "Jews, Christians and foreigners who are part of a colonial plot to commit profanities on our country. If they are liquidated, that will destabilise the impious Algerian regime and help return the country to the reign of Islam as defined by the prophet Mohamed".

The GIA's most prominent victim in recent weeks was Mr Mohamed Alloula, the 53-year-old playwright and theatre director. He enjoyed popular success with one recent play, Ladjouad (the Veil). In 1969, at the height of Colonel Boumediene's dictatorship, El Aleq (The Bloodsuckers), was a powerful satire of the country's all-pervasive bureaucracy.

Last year a psychiatrist, Professor Mahfoud Boucebci, was warned against interpreting people's dreams by militants who claimed the Koran was the only source of truth. He spoke out against those whose aim was "to destroy science in the name of Islam". He was murdered last June.

The knives used in these murders are redolent of sacrificial acts: "honour" can only be washed with blood, "witnesses" must be present at the "sacrifice".

Friends of the writer Mr Tahar Djaout, who was murdered last June, and of Mr Alloula believe that in both instances a contract was put out to kill them. Contract jobs of this kind are increasingly frequent, usually carried out by young people. In some instances, they have been drugged before.

Recently, women have been targeted in acts of apparently random violence – usually raped, often murdered. Last month, a school girl of 17 was murdered as she was leaving school at Mefta, near Blida, south of Algiers. She had refused to wear a veil.

Two foreign wives of Algerian citizens have been murdered recently – that they had converted to Islam was deemed of little consequence.

Murder raises spectre of political instability

Death of presidential front-runner comes on heels of Chiapas uprising, says Damian Fraser

The assassination of Mr Luis Donaldo Colosio, the presidential candidate of Mexico's ruling Institutional Revolutionary Party, is certain to have a traumatic impact on the country's political system.

Mr Colosio is the first major Mexican politician to be assassinated in more than 50 years. Coming after the New Year peasant uprising in the southern state of Chiapas, the killing is set to heighten national instability, jeopardising the already fragile economic recovery.

The replacement of Mr Colosio by another candidate will not be easy. Mexico's constitution prevents any official who has held senior government office within six months of the election from running for office. Unless the opposition parties agree to change the constitution, the list of credible candidates is small.

"The situation is extremely worrying," said Mr Sergio Aguayo, a political scientist at the Colegio de Mexico. "The crisis has shown up the weakness of Mexican institutions."

The effect on this August's presidential election is hard to predict. A weak candidate or a financial crisis could enable the opposition to mount a serious electoral challenge, putting at risk the PRI's 65-year hold on power. But the party's domination is entrenched and its popularity is higher than in 1988, making a defeat unlikely.

Mr Colosio, born in 1950 in the modest town of Magdalana de Kino, near the US border, was chosen by Mr Salinas as the ruling party's candidate last November. While not considered to be as articulate and forceful as other contenders, he had long been favourite for the nomination and he appeared to have the right mix of political and technocratic skills for the job.

He had recently begun the difficult task of distancing himself from Mr Salinas, calling for a decentralisation of federal powers, reform of the legal system, and a more active industrial policy. He had also made public safety a central theme of his campaign.

Two days ago his route to the presidency seemed secure after the charismatic Mr Manuel Camacho, the peace envoy to Chiapas, indicated he would not run for the presidency. Mr Camacho, a former foreign minister and mayor of Mexico City, had been passed over for the PRI's nomination in favour of Mr Colosio, but subsequently hinted he might seek the presidential nomination of an opposition party.

If the government is unable or unwilling to change the law on who can run for the presidency, Mr Camacho will be one of a handful of contenders in the ruling party to replace Mr Colosio. While he is by far the best known and the most experienced politically, he antagonised much of the party when he looked as if he was going to challenge Mr Colosio. Asked on Tuesday whether he was a member of the PRI, Mr Camacho enigmatically replied he belonged to the party of peace.

FORMIDABLE DUO: Luis Colosio (right) with his mentor President Carlos Salinas *Reuter*

Mr Salinas - who, it is assumed will choose the new candidate as he chose Mr Colosio - may look for a less controversial candidate. Potential candidates include Mr Ernesto Zedillo, former education minister and Mr Colosio's campaign manager, and Mr Fernando Ortiz Arana, president of the PRI.

If the opposition agrees to change the law Mr Pedro Aspe, finance minister, Mr Emilio Gamboa, transport minister, and Mr Emilio Lozoya, energy minister, might be considered. All have disadvantages.

Mr Zedillo, a Yale University economist, is known for his political inexperience. Mr Aspe has been widely blamed for the economic recession and is not popular. Mr Gamboa and Mr Lozoya are junior ministers, with little experience in economic policy, and are politically unknown outside a small circle in Mexico City.

Mr Zedillo is perhaps the narrow front-runner from this group. A former central bank official and budget minister, Mr Salinas could entrust him with economic policy. He is close to Mr José Cordoba, Mr Salinas's powerful chief of staff, and having worked as Mr Colosio's campaign manager, has learnt to work within the PRI.

But Mr Zedillo has been widely criticised for his poor management of the Colosio campaign, and for political errors made when education minister. With the possibility of further political turmoil ahead, his nomination would involve risks.

Mexico's accession to the North American Free Agreement and the creation of an independent central bank this year have reduced the president's room for manoeuvre in economic policy. But whoever is elected will still yield enormous power. The president dominates the executive branch, the judiciary, the Congress and has broad power to set government policy in almost all fields.

The return of uncertainty over who will take office next year could not have come at a worse time for the governing party. Mexico's economy has been stagnant for the past year, posting negative growth for the last two quarters. The government has been been trying to revive the economy before the August elections by increasing spending and lowering interest rates.

Such a policy has already led to a substantial weakening of the peso against the dollar and recent outflows of foreign money. Mr Colosio's assassination and accompanying nervousness in financial markets may force the government to choose between further devaluation or higher interest rates that could choke economic recovery.

The economic woes are accompanied by a highly volatile political mix. The uprising in Chiapas is proving harder to resolve than the government had hoped. It reached a provisional agreement with rebels last month, but landlords and rebel sympathisers have been caught in a bitter struggle over land and political power in the state.

On Wednesday the congress approved an historic political reform, which for the first time in 50 years would put the electoral institute, which judges the legitimacy of elections, in the hands of non-partisan citizens. However, Mr Cuauhtémoc Cárdenas, the presidential candidate of the leftist opposition Democratic Revolutionary Party, derided the reforms as insufficient.

In theory the reforms will make it difficult for the PRI to revert to fraud to win the election. Apart from giving the non-partisan officials control over electoral tribunals, it makes the parties' access to the media more equal, puts tight limits on campaign spending, and establishes a prosecutor for electoral fraud.

Mr Cárdenas's dissent raises the prospect of post-election protests if he claims there has been fraud. "Cuauhtémoc Cárdenas is distancing himself from the reform because he does not trust the government," said Mr Ricardo Pascoe, a close adviser. "He will not give up his right to veto the elections if they are not fair."

The PRI's replacement for Mr Colosio will have to grapple with a potentially aggressive Mr Cardenas, the implementation of the political reforms, and at the same time reassure financial markets of his ability to run the economy for six years. It will not be an easy task.

Clinton offers help to stabilise currency

The US yesterday offered to help Mexico stabilise its currency should it prove necessary followingthe assassination of Mr Luis Donaldo Colosio, which President Bill Clinton deplored as "a senseless act of violence."

Mr Clinton telephoned President Carlos Salinas shortly after the news reached Washington. In a statement yesterday, he emphasised his convictions that Mexican institutions were "fundamentally sound."

He said he had asked Mr Lloyd Bentsen, the treasury secretary, to "make sure that if there was serious trading in the Mexican currency we could try to help stabilise that." The US Federal Reserve and the Mexican central bank have arrangements to combat wild swings in the exchange rate.

In a further gesture of solidarity, Ms Janet Reno, the attorney general, offered "any support that we can give" to Mexican authorities investigating the assassination.

Mr Arturo Valenzuela, Mexican desk officer at the state department, reflected the sense of shock in Washington by saying the assassination was "a significant tragedy."

"It is not something we should think in any way affects the stability of the Mexican political system, the Mexican government or the deepening relationship of the US and Mexico," he said.

Officials found it hard to see how the tragedy could affect the North American Free Trade Agreement that came into force at the start of the year. US opponents of Nafta, ratified by Congress after heated debate last November, had been critical of the democratic credentials and stability of the Mexican government.

But unless it emerges that Mr Colosio's assassin or assassins were agents of elements in the Mexican ruling party, the re-opening of Nafta seems highly improbable.

There was no immediate word in Washington of any US preference for a presidential candidate to succeed Mr Colosio. Most of the senior members of the PRI hierarchy are well known and respected in the US and Mr Colosio had been seen in the US as the logical successor to Mr Salinas.

Jurek Martin

Affable leader short of political vision

Mr Luis Donaldo Colosio was an affable, courteous promarketeer who rose to prominence under the patronage of Mr Carlos Salinas, Mexico's current president.

Former congressman, senator, head of the ruling Institutional Revolutionary Party, social development minister and finally his party's presidential candidate, Mr Colosio began his rise through the ranks of the Mexican bureaucracy in 1979, when he first met Mr Salinas, then deputy budget minister. Mr Salinas took him under his wing and, after working together for many years, picked him to run his presidential campaign in 1988. From then Mr Salinas seemed to groom his quiet and affable colleague to succeed him.

Mr Colosio was put in charge of the PRI, masterminding the party's comfortable victory in the 1991 legislative elections. However, he failed to push through promised democratic reforms that would have required candidates to be selected in open primaries.

When made social development minister in 1992, Mr Colosio had become clear favourite for the presidential nomination. He shared Mr Salinas's commitment to pro-market economic policy, was popular within the ruling party, and became closely identified with the government's showcase anti-poverty programme.

It was thought his easy-going manner and modest northern roots would go down well with the electorate.

Nevertheless, Mr Colosio was criticised by rivals for having no clear vision independent of Mr Salinas, and for being unwilling or unable to defend a point of view in cabinet meetings. They said he had been chosen as presidential candidate because of blind loyalty to Mr Salinas, rather than any special leadership qualities of his own.

Such doubts grew after Mr Colosio was nominated presidential candidate. His campaign was quickly overshadowed by the peasant uprising in Chiapas, and the prominent role played in it by Mr Manuel Camacho, the peace envoy to the southern state.

In the past few weeks Mr Colosio began the difficult task of distancing himself from Mr Salinas, even criticising the excessive concentration of presidential power.

Mr Colosio, still young at 44, was unfailingly polite and courteous in public, and inspired tremendous loyalty from his advisers and friends.

By the standards of Mexican politicians, he was modest, driving his own car the city, and occasionally a Harley-Davidson motorcycle. But in unfamiliar situations he often appeared unsure of himself, and seemed happier listening rather than talking to people.

Damian Fraser

An economy vulnerable to unrest

The size of Mexico's current account deficit, put last year at more than $20bn (£13.6bn), has left it highly dependent on capital inflows from foreign investors.

Thus the assassination of Mr Luis Donaldo Colosio presages a period of uncertainty for Mexico's financial markets which could have important consequences for the country's economy.

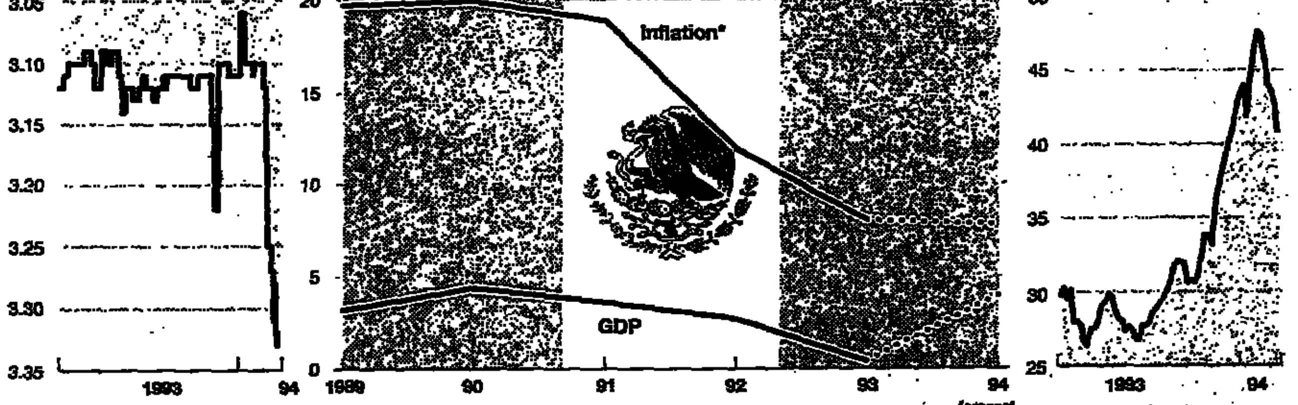
With the passage in November of the North American Free Trade Agreement with the US and Canada and its coming into force at the start of this year, many foreign investors had expected to avoid the financial uncertainty which is usual in Mexico during an election year.

However, this optimistic outlook was shaken by the unexpected peasant uprising in the southern state of Chiapas, which started on New Year's Day, and by the uncertainty that it generated in the Mexican political system.

Mr Colosio's murder has dealt a further blow to this confidence, and though Mexico's own markets were closed yesterday – in an attempt to reduce financial market volatility – the prices of Mexican assets dropped sharply in New York.

The Mexican economic programme sponsored by Mr Carlos Salinas and Mr Pedro Aspe, his finance minister, was built on fiscal rectitude, a dramatic privatisation programme and a guarantee of economic stability ostensibly offered by Nafta.

Critics have seen its weakness in its dependence on foreign capital – to support big current account deficits – and the policy of a strong exchange rate to try to squeeze inflation out of the system. Furthermore, while inflation was brought down to single digits by the end of last year, growth also sunk to zero.



Source: EIU, Salomon Brothers, Datastream

"They have tried to force a double-digit economy to have single-digit inflation," argued Mr Paul Luke, chief emerging markets researcher at Morgan Grenfell in London.

Joining Nafta this year was widely expected to allow the country to become a member of the Organisation of Economic Co-operation and Development, the so-called rich man's club of industrialised nations. It was also expected to presage its upgrading by the main US rating agencies as an investment grade credit, significantly widening the potential investor base for Mexican bonds.

"A country that appeared on the verge of investment grade and joining the OECD suffers its first political assassination since the ruling party took over in 1929. It's clear that the political agenda is longer than the markets thought," said Mr Luke.

The only US rating agency to assign an investment grade rating to Mexico's sovereign debt – Duff & Phelps – said yesterday that while volatility in Mexican financial markets could be expected in the aftermath of the assassination, Mexico's stable political institutions and fundamental good economic management justified the retention of its rating.

Financial markets were indeed volatile. The price of Mexican shares trading in international markets was marked down by 10 per cent in London trading, while the price of the country's Brady bonds – issued as part of its last restructuring – also fell sharply.

But there was some recovery of shares in later New York trading. According to Mr Geoffrey Dennis of Bear Stearns in New York, Mexican issues traded in the US were 2-7 per cent down at mid-session yesterday.

Mr John Purcell, head of emerging market research at Salomon Brothers, said the market in New York appeared to be calming as the day progressed, helped by statements from President Bill Clinton and widespread confidence in the ability of the Mexican administration to deal with the crisis, he said. There would be some nervousness today as the markets reopened in Mexico, however.

The Mexican peso also weakened but, in the absence of the Mexico City market, trading was thin and quotes hard to get. Mr Dennis said he believed the peso would trade close to its floor of 3.36 to the dollar today, making some intervention by the Mexican central bank necessary to keep it within its permitted band. "I think the peso may test its floor, but I expect it will stay within the band," said Mr Lawrence Brainard of Goldman Sachs in New York.

Mexican reserves were last reported at $29bn, giving some confidence that even a sustained attack on the peso could be withstood. The US has pledged to provide support for the peso if necessary.

Mexican interest rates were also expected to rise to defend the currency, although if they stayed too high too long, this would conflict with the government's other imperative of trying to revive the weak economy.

A quick announcement of the replacement candidate – most financial market observers appeared to favour the nomination of former budget minister, Mr Ernesto Zedillo – would also benefit stability.

Stephen Fidler

Mexico's violence claims a rare victim from politics

Mr Luis Donaldo Colosio was shot as he was leaving a campaign rally in the sprawling city of Tijuana, the fourth largest in Mexico, just over the border from San Diego.

He was Mexico's first presidential candidate to be assassinated since President-elect Alvaro Obregon was murdered in 1928. Since then Mexico had enjoyed remarkable political stability, with every president having lived out his term, peacefully handing power over to his successor.

Inevitably there was speculation that the assassination, coming so soon after the New Year's peasant uprising in the state of Chiapas, had been planned by groups that were set on damaging the Mexican government, or seeking to replace Mr Colosio with a presidential candidate more favourable to their interests.

As of yesterday morning there was no evidence of any conspiracy. Police in Tijuana arrested Mario Aburto Martinez on suspicion of the killing. Mr Aburto, 23, said he was a pacifist, claimed he had written several books, and would not talk even if he was tortured.

Police said he had shot twice from a .38 pistol, but have not linked him to any group.

The police also detained a second man, Vicente Mayoral, although it was not clear whether he was a suspect or simply a witness to the shooting. Mr Mayoral is a former police officer.

Given the widespread violence in Mexico, and the few security precautions politicians take, it was remarkable that so long had passed without such a political assassination. In 1990 Mexico suffered 30.7 murders per 100,000 people, more than Brazil, and compared with 13.3 in the US.

Last year drug traffickers accidentally killed Cardinal Juan Jesus Posadas of Guadalajara in a shoot-out with a rival gang, according to the official explanation. Last week an unknown group of men kidnapped Mr Alfredo Harp Helu, co-head of Banamex, Mexico's largest bank.

Tijuana, a city whose population thanks to migration and economic integration with the US has nearly tripled in 20 years to an official figure of nearly 900,000, is one of Mexico's most violent cities. Long known for its sleazy bars and nightclubs, it has more recently become a centre for drug traffickers, and home to thousands of factories, and the shanty towns that surround them.

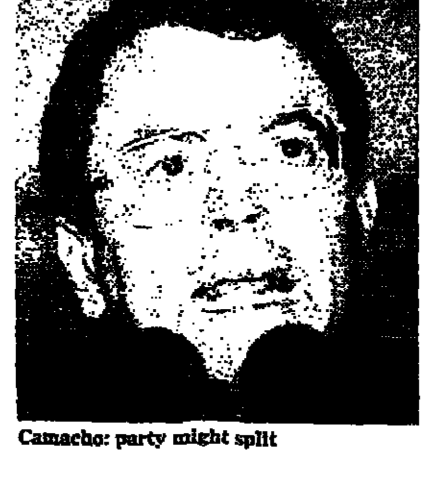
Mr Colosio was on the edge of one of the shanty town when giving his last speech. Like all Mexican politicians he though nothing of mingling with the crowd after giving his speech. That will now change.

Damian Fraser

MEXICO'S TURBULENT MONTHS

November 17 1993: US Congress approves Nafta.
November 28: President Salinas appoints Luis Donaldo Colosio as party candidate for August elections.
January 1 1994: Mexico accedes to Nafta. A rebel Indian group seizes towns in the southern state of Chiapas, Mexico's southernmost state. The rebels say they want democracy and better conditions for poor Indians.
January 3: The army claims to recapture four cities taken by rebels.
January 10: President Salinas appoints Manuel Camacho as Chiapas peace envoy.
January 10-16: Thousands march in anti-war protests in Mexico City.
January 12: Salinas declares unilateral ceasefire with rebels.
February 21: Negotiations begin with Chiapas rebels.
February 24: Rebels and Camacho announce tentative agreements on health, education, housing and respect for indigenous communities.
March 22: Camacho, though urged to run for the president, says he will not oppose Colosio.
March 23: Colosio is killed.

Party maverick has won popularity, and many enemies



Camacho: party might split

Mr Manuel Camacho has never made any secret of his desire to be president of Mexico. When mayor of Mexico City he openly campaigned for the job. After being passed over for his party's nomination last year, he appeared to be on the point of challenging for the presidency from an opposition party before bowing to heavy pressure and finally withdrawing on Tuesday.

The assassination of Mr Luis Donaldo Colosio appears to give him another chance. Mr Camacho is the most experienced politician in the running, having held three cabinet positions over eight years. As peace envoy in the southern state of Chiapas, he successfully negotiated a preliminary agreement with rebels that won him national popularity.

However, Mr Camacho has made many enemies over his career, and his recent flirtation with an independent candidacy has alienated him from the mainstream of the ruling Institutional Revolutionary party. President Carlos Salinas would have to choose him over the PRI's objections, and risk a split in the party.

Mr Camacho is also, perhaps unfairly, mistrusted by many foreign and domestic investors. Critics in the government say he opposed some of the economic reforms proposed by Mr Salinas. He was against scrapping rent controls in Mexico City, predicting (correctly as it turned out) that opposition to the reforms would be too great to overcome.

In an effort to counter such criticisms, Mr Camacho told the Wall Street Journal last week that Mr Pedro Aspe, the finance minister, and his "excellent team" should take part in a future government in Mexico. He committed himself to responsible fiscal and monetary policy, saying that without this Mexico's economy could not grow faster.

He is fond of reminding businessmen that he balanced Mexico City's budget while he was mayor, and presided over a boom in property and services that his pro-business policies helped foment.

However, Mr Camacho offers a more interventionist economic policy than that followed by Mr Salinas, although not unlike that proposed by Mr Colosio. Mr Camacho advocates an activist industrial policy that would promote economic growth and employment, and enable the poorer south of the country to compete under the North American Free Trade Agreement.

Mr Camacho's central interest is in bringing about what he calls a democratic transition in Mexico. He takes credit for the recent agreement between political parties for democratic reforms. He says the peace agreement in Chiapas – which will lead to important political, economic and legal reforms there – should be a model for the rest of the country.

While mayor of Mexico City, Mr Camacho enjoyed good relations with the leftist opposition – better, some say, than the relations he had with his own party. If selected as the PRI's presidential candidate, he would probably aim to gain the trust of the opposition by seeking to create conditions for a fair and trouble-free election.

Damian Fraser

Philip Morris sues over TV tobacco claim

By Patrick Harverson in New York

Philip Morris yesterday filed a $10bn (£6.7bn) libel lawsuit against the US television network ABC alleging an ABC current affairs programme broadcast false and defamatory statements last month when it claimed the tobacco manufacturer was adding extra nicotine to its cigarettes to make them more addictive.

The lawsuit is the latest offensive by Philip Morris and the US tobacco industry, which is facing increasingly intense opposition to its cigarette products from politicians and anti-smoking groups. In the past year, Philip Morris has sued the city of San Francisco over its strict anti-smoking laws and the Environmental Protection Agency for its claims that second-hand cigarette smoke causes cancer in non-smokers.

The industry also faces a tough fight in Congress over President Clinton's plan to help pay for healthcare reform by sharp rise in cigarette tax.

In its lawsuit against ABC, Philip Morris says that on February 28 the network's Day One current affairs programme claimed the company was "spiking" its cigarettes with extra nicotine in order to keep smokers "hooked". Philip Morris says ABC made the allegations even though it knew them to be untrue, and that the network subsequently repeated the claims in later programmes.

There was no immediate reaction from ABC yesterday, but Wall Street was unnerved and shares in the network's parent company, Capital Cities/ABC, fell $15¾ to $703.

Philip Morris said it was seeking $5bn in punitive damages, and another $5bn as compensation for the impact the allegations had on the company's share price, which dropped $2 to $56 in heavy trading the day after the ABC broadcast. Philip Morris also noted that after ABC made its allegations, members of Congress called for investigations into cigarette manufacturing processes, and both President Clinton and Mr David Kessler, head of the Food and Drug Administration, expressed concern about the story.

One reasons why the share prices of Philip Morris and other tobacco makers fell sharply following the Day One item was that the programme prompted a suggestion by the FDA that if the allegations of "spiking" were true there might be a legal basis for regulating cigarettes as a drug.

Philip Morris insists that while nicotine occurs naturally in a tobacco leaf, it does not add extra nicotine to cigarettes during production.

If Cardoso runs, Brazil may pay

Angus Foster reports on inflation's foe tempted by the presidency

Mr Fernando Henrique Cardoso was recently asked what it was like to be Brazil's finance minister, a tough job in a country plagued by near hyper-inflation and discredited governments: "It's not the worst job in Brazil, it's the worst in the world," he said.

After lasting nearly a year in the post – something of a record for a Brazilian finance minister these days – Mr Cardoso appears to be preparing to quit. Under Brazilian law he must do so by April 2 if, as widely expected, he wants to run for president in elections in October.

But it is a difficult decision. Mr Cardoso's patiently negotiated plan to bring down annual inflation of 2,500 per cent is not yet fully in force. Economists say the plan is the most promising in recent years. But key elements, such as a balanced budget, remain vulnerable to election-year calls for higher spending.

In an otherwise weak government, Mr Cardoso is seen as the only politician able to resist those calls. Even if he chooses his successor as finance minister, the plan may still be in doubt.

His Brazilian Social Democrats party (PSDB) is small and has so far failed to cement an alliance with a larger grouping. This is partly because of uncertainty about the plan, which is seen as crucial to Mr Cardoso's election chances.

But inflation is unlikely to fall until the plan's final phase and the launch of a new currency, probably in May. Mr Cardoso must therefore decide whether to run without knowing if he has done enough to hope for victory.

Finance minister Cardoso: 'The worst job in the world'

"He is under tremendous pressure from all sides," according to a member of Mr Cardoso's economic team. "His party wants him to run. But it could seriously damage the plan and our first real chance for ages to bring down inflation."

Mr Cardoso, 63 this June, is one of the outstanding Brazilians of his generation. Born into a military family, he trained as a sociologist and later taught at the University of California at Berkeley and Cambridge. His best known works explored "dependency", a theory which sought to explain Latin America's underdevelopment as a consequence of the continent's dependence on capital and technology from the US and Europe.

His links with the left incurred the ire of Brazil's military rulers in the mid-1970s and he was banned from teaching at the University of São Paulo.

When democracy returned in 1984, Mr Cardoso switched from academia to politics. After losing the race for mayor of São Paulo, he was elected a senator in 1986. Two years later he helped found a new political party, the PSDB.

Unusually in Brazil, the party and Mr Cardoso have a reputation for clean government. Their policies are slightly left of centre and include social welfare reform and income redistribution. But personality rather than ideology wins Brazilian elections. Mr Cardoso's supporters claim he alone can attract popular support from both the left and right.

Observers believe Mr Cardoso's broad appeal would provide a strong challenge to either the current presidential favourite, Mr Luiz Inácio "Lula" da Silva of the left-wing Workers' party (PT), or a right-wing candidate such as Mr Paulo Maluf, mayor of São Paulo.

His political strength stems from his experience and prestige in Congress. As finance minister he has persuaded Congress to back his economic policies, even though the government relies on a weak coalition for support. He has also managed, at least so far, to persuade Congress of the need for a balanced budget to fight inflation.

"Fernando has a great capacity of persuasion. He is the first person to persuade the Brazilian public that the deficit is important," says Mr Antonio Delfim Netto, a former planning minister whose views have often not coincided with Mr Cardoso's.

His other advantage is that, as a member of the country's élite, he has a natural appeal among Brazil's middle classes and the media. Both groups are wary of Mr da Silva's strong showing. Mr Cardoso has also won support from some São Paulo businessmen, who would normally be wary of his soft-left views and intellectual background.

There are still large question marks over Mr Cardoso's candidacy. The most important is whether, as an intellectual and member of the élite, he can attract enough support among workers. Although good on television, he is not a natural orator and is uncomfortable with crowds. Last month he appeared on a down-market TV game show. He looked awkward and out of touch with the studio audience of housewives.

This drawback may be especially acute in the country's economically backward north and north-east regions, where more than a third of the country's 90m electors live. According to the latest opinion polls, Mr Cardoso would lose badly to the more populist Mr da Silva in all states in that area. Nationally, Mr Cardoso trails Mr da Silva by 31 per cent to 47 per cent. But in big north-eastern states such as Bahia Mr Cardoso's support falls to 21 per cent.

Mr Francisco Weffort, a political scientist and PT supporter, describes Mr Cardoso as "a first rate politician with a vision of modernisation". "But he just doesn't know how to link emotionally with the masses and in this country that's important," he says.

Whitewater hearings 'to begin by May'

By Jurek Martin in Washington

Senator Bob Dole, the Republican leader, yesterday predicted the US Congress could begin its investigation into the Whitewater affair by May 1. He foresaw separate hearings by both House and Senate.

The prospect of congressional hearings was certain to be raised at last night's prime time televised press conference, which President Bill Clinton called to lay before a national audience his explanation of his past investments in Arkansas and the many offshoots from it.

Polls yesterday indicated the Whitewater affair is eating into Mr Clinton's popularity rating. The Washington Post-ABC poll recorded a drop in approval to 47 per cent, 11 points below last month's levels. Other surveys have also shown an erosion in support to around 50 per cent.

According to the poll, which surveyed 1,004 adults between last Friday and Tuesday, 47 per cent of Americans approve of Mr Clinton's handling of the presidency while 45 per cent disapprove and 7 per cent have no opinion.

Most polls show a public generally unpersuaded that Whitewater entails serious wrongdoing on the part of the president or his wife. But each day seems to bring some new reported allegation or distracting event. Yesterday, for example, two senior White House aides, Mr George Stephanopoulos and Mr Bruce Lindsey, told a federal grand jury what they knew about meetings at which the state of regulatory investigations into a failed Arkansas savings and loan company were discussed.

The White House has also been obliged to reassign internally one of its top lawyers, Mr William Kennedy, after it was revealed he had failed to pay social security taxes for a household employee. Mr Kennedy used to work for the Rose Law Firm in Arkansas, where Mrs Hillary Clinton was a partner. Some Republicans have demanded his dismissal.

Healthcare reform manages a few steps through Congress

By George Graham in Washington

After weeks in which the Whitewater affair has seemed to drain all vitality from President Bill Clinton's legislative agenda, Washington looked up this week to discover that several steps had been taken towards the president's number one goal of healthcare reform.

Late on Wednesday night, the first complete healthcare reform bill was voted through by the health Ways and Means subcommittee, chaired by Congressman Pete Stark of California, which has primary rights over the tax aspects of the plan.

That draft is likely to be substantially rewritten by the full Ways and Means committee, and then hammered some more to fit with the drafts of other House of Representatives committees. The same process is under way in the Senate, and the final shape of the bill will be determined when the two chambers get together to reconcile their different versions.

The Stark committee's vote, by only a 6-5 margin, offers, nevertheless, a first symbolic victory for some central elements of the Clinton plan: universal health coverage ensured by requiring employers to offer insurance to their employees and pay for 80 per cent of its cost.

That requirement would begin in 1996 for businesses with 100 or more employees, and two years later for smaller employers.

To finance the bill's broader health coverage, however, the subcommittee voted to raise the cigarette tax from 24 cents a pack to $1.49, much more than the 75 cents increase proposed by Mr Clinton.

Congressman Dan Rostenkowski of Illinois, chairman of the full Ways and Means committee, warned that he was likely to pass out a much more conservative bill than Mr Stark's subcommittee.

Another important version of the bill is circulating in the House Energy and Commerce committee, chaired by Congressman John Dingell of Michigan. That version would preserve universal health insurance, but eliminate two controversial elements of the Clinton plan: mandatory government-run health insurance purchasing alliances, and for businesses with fewer than 10 employees, the requirement that employers provide insurance for their workers.

White House officials are now stepping back to leave most of the detailed work on healthcare reform to such congressional heavyweights as Mr Dingell and Mr Rostenkowski.

Republican members of the Ways and Means subcommittee engineered a symbolic defeat for the White House by forcing a vote on the unaltered Clinton plan: with Democratic members abstaining, it lost.

But this procedural manoeuvre seems unlikely to have done very much to clarify the Republican strategy on healthcare reform.

As Congressman Bill Thomas of California, senior Republican on the subcommittee, lucidly explained: "Please listen to me, because I don't want anyone to think that what we're doing is what we're doing."

Beneath their continued hostility to the Clinton plan, most Republicans have now accepted the goal of universal coverage. Many acknowledge privately that it will be very difficult to achieve that goal without also adopting large portions of Mr Clinton's bill, or something even less palatable.

NEWS: UK

Cellnet MD finds 2,000 new customers a day

Mobile market to reach '3m users'

By Andrew Adonis

Cellnet, the second largest mobile phone operator in the UK, has passed the million subscriber mark, with net new connections growing at twice the rate of a year ago.

After record growth in the run-up to Christmas, Cellnet had expected a sharp slowdown in new connections. But it is projecting 70,000 gross new subscribers for this month, only a small decline from 84,000 in December.

By the end of this month Cellnet, a joint venture between British Telecommunications and Securicor, will have added a net 110,000 subscribers to its network since the beginning of January, compared with 56,000 in the first three months of last year.

Vodafone – the largest cellular mobile operator, with more than 1.1m subscribers – is reporting similar growth. Last *month it said that it made* 58,000 gross new connections.

Mr Bob Warner, Cellnet managing director, predicted that total UK cellular subscriber numbers would reach 3m by the end of the year – up from 2m at the end of 1993.

"Two years ago we were adding cellular customers at the rate of 2,000 a month; now it is 2,000 a day," he said.

Most analysts attributed the rapid growth in cellular subscribers at the tail end of last year to sharp tariff cuts, a fall in the price of handsets, a pre-Christmas rush, and the launch in September of Mercury One-2-One, a third cellular operator offering free calls at evenings and week-ends inside the M25 area.

However, the continued boom points to strong underlying growth, *in particular the* entry of the mobile phone into the consumer market.

The UK's cellular market is growing in line with that in *the US and on the Continent.* According to the FT's mobile communications newsletter, the number of western European subscribers grew 53 per cent in the year to February 1, with new networks exposing former monopolies to competition in most of the European Union's larger countries.

The UK now has about 3.5 cellular subscribers per 100 people, ahead of Germany (2.3) and France (one), but behind the Scandinavian countries, which have between seven and 10 subscribers per 100 people.

The launch next month of Orange, the UK's fourth cellular network, is expected to give a *further boost. Orange, a joint* venture between Hutchison Whampoa and British Aerospace, will cover more than half Britain's population at *launch.*

Orange handsets are likely to be more expensive than those for the analogue networks but are likely to compensate with *cheaper operating costs.*

EU court backs ban on outside lotteries

By Raymond Snoddy

A potential threat to the planned National Lottery was lifted yesterday by the European Court of Justice.

The court decided that the government's ban on the advertising and sale of tickets in the UK for large foreign lot*teries was legal. The decision* has implications for state lotteries throughout the European Union.

The Office of the National *Lottery is currently studying* eight applications for licences to run the lottery in the UK. It is due to start late this year or early next.

Had the European Court forced a lifting of the ban, it could have caused confusion in the market, with operators from other EU countries *including Ireland being free to* sell tickets in the UK with the prospects of millions of pounds in prizes.

The case arose in 1990 when *British Customs & Excise* officers seized lottery tickets sent to the UK by Mr Jorg Schindler, a sales agent for the German state-supervised *Suddeuttschen Klassenlotterie.* Mr Schindler claimed that the seizure contravened the Treaty of Rome on the free movement of goods throughout the EU.

The UK, backed by at least eight other EU members, argued that lotteries intended to raise money for good causes were issues for individual national social policy.

The European Court ruled that EU laws did not preclude legislation such as that which *has been introduced* by Britain "in view of the concerns of social policy and of the prevention of fraud which justify it".

More foreign banks choose UK

By Alison Smith

The number of foreign banks in London topped 500 for the first time last year, enhancing the city's status as Europe's most significant financial centre.

According to a survey by Noel Alexander Associates, a consultancy which specialises in financial statistics, the 15 foreign banks which disappeared from London either *through leaving or through* mergers and takeovers, were more than offset by the 35 which arrived. The number of foreign banks in London is 514.

The survey, which is published each year, reflects the changes to international banking in London, with much *of the activity coming* from eastern Europe and from Asia.

Two of the new banks that opened were from Russia; two were from *the Czech* republic; one from Yugoslavia, one from Slovenia. Two were from China, three were from Hong Kong and one was from Thailand.

Six of the 15 banks which disappeared did so as a result of mergers and takeovers. Western European banks accounted for five of these, with the remaining one being the takeover of the Canadian bank Royal Trust Bank by Royal Bank of Canada.

Seven of the nine banks which moved out of London were from western Europe.

Last year also saw the first increase in the number of US banks in London since 1982, as four US banks opened in the city. Even so, that takes the total back only to its 1991 level of 49, which itself was *lower than every year since* 1971.

The number of Japanese banks also rose again slightly, after a drop of two in 1992, to reach 54 in total.

Noel Alexander says that London has a higher number of foreign banks than any other city, including New York and Tokyo.

New foreign bank offices in London is published by Noel Alexander, 6 Broad Street Place, Blomfield Street, London EC2M 7JU.

ABB unit says 1,300 jobs in danger

By Charles Batchelor, Transport Correspondent

ABB Transportation, the manufacturer of railway rolling stock which is part of the Swiss-Swedish Asea Brown Boveri Group, announced plans to make nearly 700 employees redundant and warned that a further 600 job cuts may also be necessary.

The first round of job losses *follows completion of a con*tract to modify diesel trains for BR Regional Railways and the tailing off an order for London Underground's Central Line. A second round will be necessary if ABB fails to win an order to supply 100 trains for the underground's Northern Line.

London Underground, along with Conservative and Labour MPs and a consortium of London businesses have urged the Treasury to allow the £740m Northern Line contract to go ahead as part of the government's private finance initiative. The Treasury has said that the project does not meet its requirements for the transfer of risk to the private sector.

Mr Bo Sodersten, ABB chief executive, said: "It is desperately disappointing for the company to be in this position. We are doing everything we can to secure orders."

ABB, formerly British Rail Engineering, employs 5,400 people in Derby in the midlands, Crewe, in the north-west, and York, in the north. A total of 2,500 work at the Derby Carriage Works, which will be hit by the redundancies.

ABB *announced* a pre-tax loss of £9.8m on turnover of £518m from its UK businesses in 1993. The losses include £12.4m to meet redundancy and other restructuring costs.

Mr Wilf Proudfoot, assistant general secretary of the Rail Maritime and Transport Union, said: "It takes a special kind of incompetence to eliminate skilled manufacturing jobs when years of work rebuilding our railways is available."

Mr Frank Dobson, opposition Labour party transport spokesman, said the redundancies were "a direct result of rail privatisation which has dried up train orders and the government's dithering over London Underground's train leasing deal".

Britain in brief

Private rail project one step nearer

The £500m modernisation of British Rail's west coast mainline moved a stage closer yesterday with the announcement of the award of a £3m to £4m feasibility study to a consortium of four engineering, consultancy and finance companies.

Railtrack, which takes over BR's track and signalling, said the seven-year project *to* upgrade the 480-mile west coast line, would set the pattern for the private-sector management and financing *of large railway contracts. It* will also be an important test of Railtrack's ability to manage a project of this scale.

The nine-month study will *be carried out* by West Coast Main Line Development Company, comprising Brown and Root, a project management company; Sir Alexander Gibbs, a civil engineering consultancy; Booz, Allen and Hamilton, an international consultancy; and Babcock and Brown, a specialist in transport finance.

The consortium, selected from a shortlist of six, will look at how best to improve the track, power supply and signalling on the line and how to raise private sector finance in a way which is acceptable to the Treasury.

'Gizmos' cut car values

Used car buyers are coming to fear expensive new technology to the point where standard models are starting to have a higher resale value than top-specification vehicles of the same type loaded with 'gizmos', a senior executive of Glass's Guide, the used car values directory, said.

Mr Leslie Allen, director and managing editor of the guide, also predicted that the current higher resale value of diesel cars compared with their petrol counterparts will have been eliminated by the middle of next year, as supply and demand for diesel cars come into balance.

The conclusions being reached by Glass's about developing technophobia in the used car market are potentially very bad news both for volume car makers, who earn high margins on vehicles laden with electronic systems, and specialist executive and luxury car makers.

The volume producers already face having to make less well-equipped new cars arising from new company car tax legislation which links employees' personal tax bills directly with cars' list prices.

Farmworkers get 4.9% rise

The Agricultural Wages Board has awarded farm workers a 4.9 per cent pay rise from June – double the average rate for manual workers' pay settlements this year.

Some farmworkers said they believe the large increase in pay comes as the board believes its days are numbered. The board's most recent awards have been more modest – between 2 per cent and 3 per cent. Mrs Gillian Shephard, agriculture minister, said she hoped statements on the future of the English and Scottish agricultural wages boards would be made next week.

The pay settlement which will cost the farming industry £54.5m this year, was resisted by employers' representatives on the board.

'Polluter pays' code begins

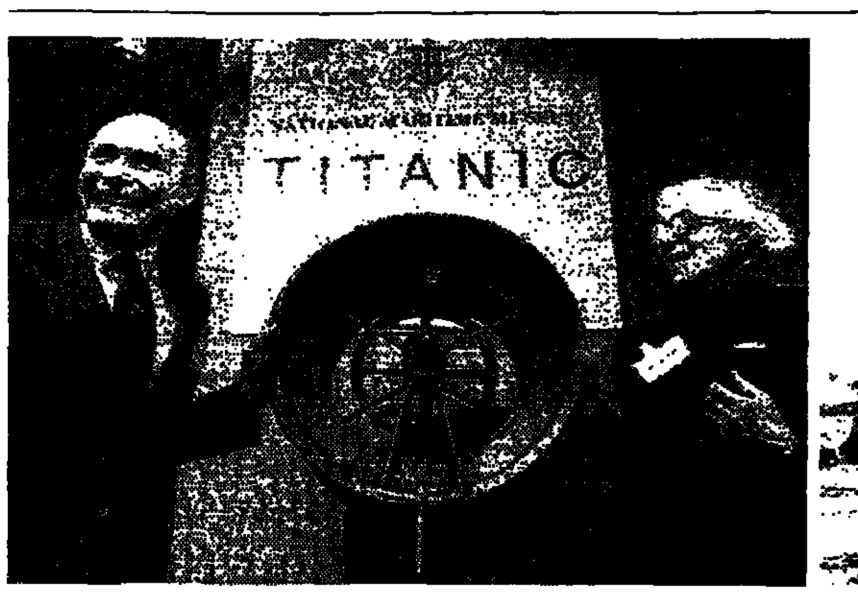
The cost of monitoring and inspecting landfills – licensed rubbish dumps – will be transfered from the taxpayer to waste management companies on May 1, Mr Robert Atkins, environment minister, said.

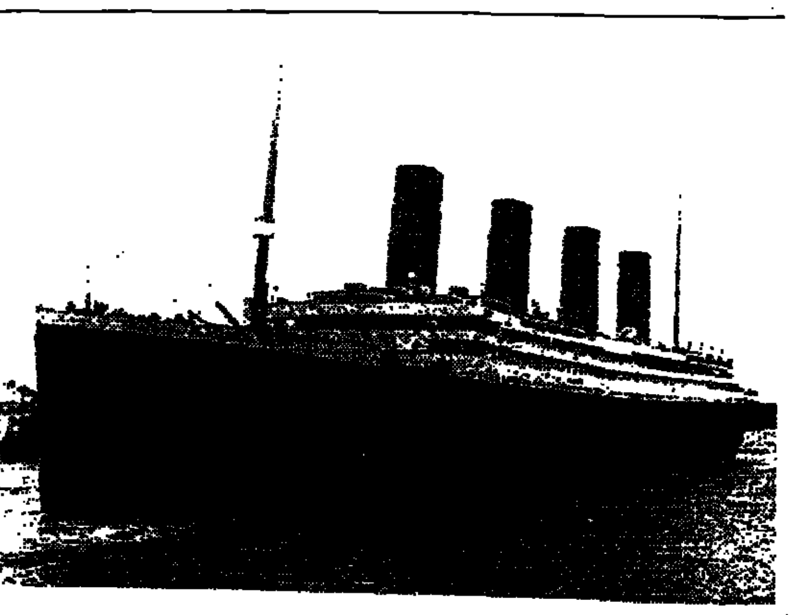
The new charging rules are part of the government's much-postponed waste management licensing regulation. Mr Atkins said that the imposition of charges on the companies operating landfills was "an important extension of the 'polluter pays' principle".

New guidelines for salesmen

Tough guidelines designed *to stop personal pensions* salesmen evading their responsibility to give proper advice to clients are to be published shortly.

The guidelines are part of a wider effort to restore public confidence in the selling of personal pensions to people transferring out of *occupational schemes.* A report published by the Securities and Investments Board, the City's chief watchdog, will impose stricter rules on sales agents.





Millvina Dean, 82, who survived The Titanic as a baby, with Admiral of the British Fleet Lord Lewin. Right: The Titanic as it left Southampton on April 10 1912

Small barge may continue Titanic story

By Christine Buckley

Harland & Wolff, builders of the Titanic, look the favourites to to build a floating home for artefacts raised from the wreck.

But the Belfast company, which made the original liner that sank on its maiden voyage in 1912, would be working to a *slightly reduced scale* if the deal is struck.

The Northern Ireland shipbuilder has been approached by US company RMS Titanic to make a barge for a *world tour* of exhibits from the ship.

The New York company, which funded a recovery operation on the wreckage of the Titanic wants the barge to feature replicas of parts of the ill-fated ship which claimed 1,503 lives when it struck an iceberg.

Mr Arnie Geller, president of the RMS Titanic, said yesterday that an *announcement* would be made shortly but would not say if the Belfast shipbuilder will win the contract. Harland & Wolff, which retains *original plans for* the liner, would be well-placed for such a task.

Mr Peter Harbinson of Harland & Wolff said that if a deal were agreed "it would be just another barge". He was unable to comment on the progress of the talks.

The Titanic world tour is scheduled to set sail in May next year after the exhibits have *finished a six-month spell* at the National Maritime Museum in Greenwich, south London. The museum is close to the Royal Observatory, *through which runs* the Greenwhich Meridian, from which is measured Greenwhich Mean Time.

Ms Gillian Hutchinson, curator of the museum, said the scale of the exhibition, which *starts in October*, would probably equal that for the Mary Rose - Henry VIII's flagship - which also sank on its maiden voyage. "It is not the largest *exhibition of a* ship's contents ever staged but it will certainly attract a lot of interest because of which ship it was."

After Greenwich the Titanic *exhibition* embarks on a world tour which could last up to 10 years. "It will last at least five years and maybe up to 10 since the interest has been phenomenal," said Mr Geller.

Organisers are preparing an itinery that will take in at least 30 major cities worldwide.

The recovery programme from the wreckage of the Titanic, which *cost* $12m, yielded more than 200 exhibits ranging from the telephone that was on the ship's bridge to funnels and personal belongings including *letters written* by the passengers.

Elf Enterprise gets £15m aid from Orkney

By James Buxton, Scottish Correspondent

Orkney Islands Council has agreed to make an interest free loan of £15m to help the oil company Elf Enterprise win new business in the North Sea for its Flotta oil terminal on Orkney.

A loan from a British local authority to an oil company is believed to be unprecedented and the issue generated some criticism in Orkney yesterday.

The loan to Elf Enterprise would go towards funding a project to bring gas condensate and natural gas liquids from the Britannia field, about 130 miles north east of Aberdeen. Chevron and Conoco which, will operate the field, have yet to decide how and where to transport its output.

The £15m will come from Orkney council's Harbour Equalisation Fund, which was set up in the late 1970s to accumulate revenues from the Flotta terminal and to prolong the terminal's life. The fund currently stands at about £60m and is jointly operated by the council and Elf Enterprise.

The Flotta terminal on an island in Scapa Flow receives oil from Elf Enterprise's Piper and Claymore fields, as well as some smaller fields. Although it is currently handling between 310,000 and 315,000 barrels of oil a day the flow of oil is expected to decline early in the next decade.

The fund was set up to help keep the terminal running after the flow of oil has fallen to a level which makes it uneconomic for the operator to carry on using the terminal. The terminal and oil port employ about 450 people making it one of the biggest employers on the island, which has about 20,000 people.

Chevron and Conoco expect the Britannia field to come into production by the end of 1998. They have the choice of piping the condensate, of which Britannia has reserves of 200m barrels, either to Flotta or, via BP's Forties pipeline, to Cruden Bay, Aberdeenshire.

An alternative is to order a concrete instead of a steel production platform. This would enable the condensate to be stored under the platform and shipped out in tankers, a solution unlikely to involve Flotta.

Negotiations are under way with prospective buyers of Britannia's 2.5 trillion cubic metres of gas.

Orkney council said the loan would be used to build a spur pipeline from Britannia to the Flotta pipeline. The loan, which it said is being made at Elf Enterprise's request, is guaranteed by a consortium of banks and is dependent on the success of the bid to bring Britannia's output to Flotta.

Mr Iain Macdonald, a member of the council, accused other councillors of agreeing to the loan after minimal consultation. "We were railroaded, we were dancing to their tune."

Elf Enterprise refused to comment officially but indicated that both it and the council had an interest in prolonging the life of the terminal.

Wider trade gap exceeds Budget estimate

By Emma Tucker, Economics Staff

Britain is sliding further into deficit with the rest of the world as overseas earnings from services and financial transactions prove insufficient to plug the gap in merchandise trade, official figures showed yesterday.

Fourth quarter balance of payments figures showed that the deficit on the current account widened to a seasonally adjusted £2.6bn from £1.8bn in the third quarter.

Within this, the visible trade deficit increased to £3.8bn from £3bn while the surplus on invisibles – services, investment income and government transfers – shrank to £1.2bn from a revised £1.3bn.

The fourth quarter figures meant that the balance of payments deficit for the whole of last year was £10.7bn compared with £10bn in 1992. Mr Kenneth Clarke, the chancellor of the exhcequer, forecast a deficit of £9.5bn in November's Budget. The invisible trade surplus for 1993 was £2.75bn.

The news came as criticism of the government's official trade figures showed no signs of abating. Economists at UBS, the Swiss Bank, said substantial under-recording of European Union imports - as a result of the switch to a VAT based system for gathering intra-EU trade data - and an overstatement of the invisibles surplus pointed to a much larger current-account deficit for last year.

Meanwhile, the British Clothing Industry Association, the trade body, said EU figures on clothing and knitwear trade were so unreliable that it was refusing to show them to its members.

Research into the trade figures by UBS suggests that Britain's balance of payments deficit could be twice as big as the official figures suggest.

● Manufacturers' export order books are close to their best level for almost four years, but low total orders point to weakening domestic demand, the CBI, the employer's group, says in its March survey of industrial trends. But manufacturers expect output to maintain a firmly upward trend over the next four months and inflationary pressures to remain subdued.

● The UK economy grew more slowly than was previously thought last year. Gross domestic product at constant prices grew by 0.7 per cent in the fourth quarter of last year compared with its earlier estimate of 0.8 per cent. Overall, the economy grew 1.9 per cent between 1992 and 1993, down from the previous estimate of 2 per cent, according to government figures.

Red letter day for capital buses

By Charles Batchelor, Transport Correspondent

The traditional red London bus will remain a familiar sight, even after the privatisation of the capitals' 10 bus companies, according to Mr Steven Norris, transport minister for London, pictured left yesterday at the Wellington Arch, Hyde Park.

Private tendering of many London bus routes has already led to a proliferation of liveries which threatened to displace the familiar red bus from the streets of the capital.

Launching the sale of the bus companies, Mr Norris said the traditional livery was "a source of pride for Londoners and a distinctive part of the London scene".

How many of the red buses will be double-deckers is less certain however. Single-deckers and mini-buses, which are nippier and cheaper to operate, have been replacing them in recent years.

Arms judge clashes with attorney-general

By Jimmy Burns, John Mason and Kevin Brown

Sir Nicholas Lyell's position as UK attorney-general came under renewed pressure yesterday when Lord Justice Scott challenged the government's conduct of the Matrix Churchill case at the heart of the arms-for-Iraq inquiry.

In his most sustained cross-examination since the inquiry began, the judge repeatedly clashed with Sir Nicholas over his interpretation of the law on the use of public interest immunity (PII) and its application in the Matrix Churchill case.

Sir Nicholas read a statement in which he defended his role as the government's legal adviser in a case that saw ministers attempting to withhold documents which the defence considered vital.

Sir Nicholas said that suggestions that ministers suppressed documents to save themselves while risking that the defendants be sent to jail was "utterly untrue". Ministers had acted "consistently and in accordance with the duty placed on them by the courts".

The exchanges focused on the advice given by Sir Nicholas to the four ministers who signed PII certificates that they were under a duty to do so and could not use their discretion in the matter.

This was repeatedly challenged by Lord Scott. At one point the judge described the attorney's argument that ministers could not disclose sensitive documents without being advised to do so by counsel as a "proposition which has no legitimacy or authority".

Sir Nicholas's attempts to present a coherent defence appeared to weaken as he was forced to qualify a statement made earlier in the day. He also conceded that the judge's proposal that the PII system required reform "deserved very serious consideration".

The statement had seemed to suggest that Sir Nicholas did accept after all that ministers did have some discretion in these matters.

Sir Nicholas told the inquiry that a minister with "an instinct for justice " and who disagreed with the advice he received could "in conscience" refuse to sign if he thought that the "clear" balance in the interest of justice lay with disclosure of documents.

But he said later that this was not intended as a comment on the Matrix Churchill case where it was not clear where the balance lay.

Renault, Ford and Volvo in price move

By Kevin Done, Motor Industry Correspondent

Some carmakers are cutting or eliminating dealer margins on selected models to reduce list prices and intensify competition.

There are still only a handful of examples of such moves, which have been led by Volvo, Renault and Ford, but carmakers and dealers believe the new pricing initiatives could eventually have a fundamental impact on the relationship between the manufacturers and the retail motor trade.

They could also affect the tax revenue take from company car tax, as the new company car tax scheme to be introduced next month is based on the list price, rather than the transaction price, which normally would include a significant discount.

One of the first moves has been made by Volvo, the Swedish carmaker, which has eliminated the previous 10 per cent dealer margin on the 1.6 litre Volvo 440/460, the cheapest in cars its range.

Before the move these models had an on-the-road price (including delivery charge) of £10,865. This has been cut to £9,970, allowing dealers to advertise a new Volvo at under £10,000. Instead of the margin, Volvo dealers are now being given a handling charge of £130 per car for these models, which still count in a dealer's total sales and qualify for the monthly volume bonuses given if the dealer reaches sales targets set by the manufacturer.

Renault, the French carmaker, has taken similar action on some of its cheapest Renault and Clio models, but offering a higher handling charge to dealers.

Perhaps most significantly Ford, the market leader, has taken similar pricing action for the launch of its new Ford Probe coupé. The cheapest model is priced at £15,995 and dealers are being given a handling charge of around £1,000. Ford insisted last night that it had no plans to spread this practice across its range.

MANAGEMENT

Telecommunications used to be about plain old telephones – providing enough of them, making sure they worked, and installing the latest network gadgets to upgrade the connections. Only one organisation did the job in the UK: British Telecommunications – the Post Office as was.

Little has changed, surprising as it may seem given all the current hype. Most people still use the telephone line to speak to someone, not to indulge in multimedia wizardry. And after 10 years of supposed competition, the overwhelming majority of people in the UK still subscribe to BT for the service.

So what has the competition been up to? A decade ago Mercury, BT's main rival, set out to be "BT Mark II". It built a national network from scratch; it boasts a powerful brand name, courtesy of Harry Enfield; and it has had considerable success creaming off business from BT in the City of London.

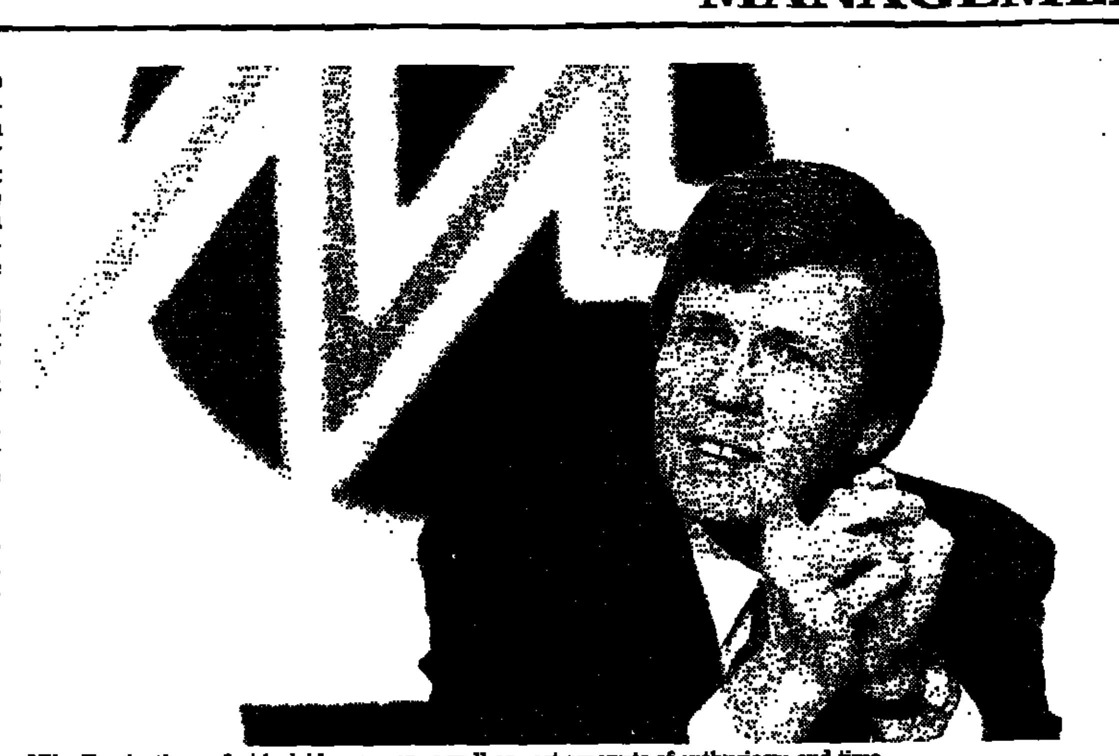
Beyond the City, however, its impact has been patchy. Mercury has only 780,000 residential customers to match BT's 20m. And its ability to continue guaranteeing percentage price savings over BT is bound to come into question as BT's costs and prices tumble.

Time for a strategy rethink, perhaps? Mercury itself thinks so, but Mike Harris, the company's youthful chief executive, is going about it in a highly unconventional way. His rethink is engaging all 10,500 Mercury employees in a giant reorientation exercise called "Imagine 1997".

The idea is simple: Mercury needs to banish the BT Mark II spectre, create a new vision of where it wants to be in three years time, and get there. The key to the exercise is that it should be everyone's vision, not just Mike Harris's. As Peter Roche, head of the independent San Francisco-based consultancy masterminding "Imagine", puts it: "Everyone needs to be able to create the vision for themselves if it is to succeed."

"The" vision, note – not "their vision". No one pretends that Mercury can afford 10,500 different visions, or that "the" vision would have sprung like a genie from their collective imaginations. Harris and his executive team had the vision last year; "Imagine 1997" is to make everyone else think it was their idea too. The French philosopher Jean Jacques Rousseau talked, chillingly, of "forcing people to be free"; "Imagine" is a more benign version of freedom forcing.

Roche has plenty more slick phrases to describe "Imagine". Mercury needs a new "strategic intent" to replace BT Mark II; now that it has got one, it is in a "moment of discontinuity" requiring "continuous change"; that means "working backwards from the future", engaging employees in a "network of conversations", of which "Imagine seminars" are the most important.



Mike Harris: the perfect bedside manner as well as vast amounts of enthusiasm and time

Imagine all the people

Mercury's strategic rethink has become a rallying point for its 10,500 employees, writes **Andrew Adonis**

The status quo is not an option: "If they work more, longer, harder, better at what they are doing now, they won't realise their objectives."

None of which is particularly new: W. Edwards Deming's celebrated "14 points for Management" long ago paraded the proposition "that everyone in a company must be put to work to accomplish a firm's transformation".

Whatever Mercury's employees think of all that, they find the "Imagine" seminars rewarding. Senior staff attend a three-day "Imagine 1997" seminar, the rest a one-day seminar. The purpose of the seminars is partly to "imagine" the Mercury of the future, partly to present its leaders as more approachable and open to suggestions than employees had previously imagined.

This last aspect appeals particularly strongly. The average age of the company's employees is only 33: Harris is 45, looks younger, and has the perfect bedside manner. He has thrown vast amounts of his own time into the process: about a fifth of his diary has been blocked out for "Imagine" activities over the past year, much of it leading seminars. Every six weeks he calls together his most senior 150 managers to review progress.

Harris's attitude is a refreshing change for an industry mostly led by lifelong engineers or telecoms bureaucrats reared in the monopolistic culture. He made his name setting up First Direct, the telephone bank, and views telecoms like any other consumer industry. "I can't see a single difference between marketing a bank and marketing a telecoms company," he says.

"This is an extraordinarily lively place anyway," he is quick to add. "Unlike banks, which have traditions going back a hundred years, we are still young and flexible."

But what does Harris imagine will set Mercury apart from BT by 1997? Distilled, the new vision amounts to a series of slogans: "taking a leadership position in the industry as it emerges in 1997"; "multimedia", "open networks", "intelligent services" – "differentiation on services not just price".

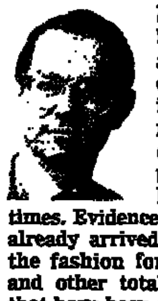
As Mercury put it to the House of Commons trade and industry committee earlier this week: "Our strategy is to lead the UK development of the multimedia industry."

Since BT mouths identical slogans and objectives, "Imagine" is hardly an escape from BT Mark II. Harris insists, however, that the process has generated a fierce determination to be free of BT's shackles, one result of which is an ambitious project to build radio local networks for fixed phones. If they work at the required quality – a big "if" – Mercury will be able to deliver its calls by-passing BT entirely.

BT Mark II or not, it does not undercut the value of "Imagine" as a tool for employee motivation. For remember Roche's definition of power: the velocity with which you realise your intentions.

CHRISTOPHER LORENZ

Dissent in the measurement ranks



Peter Drucker believes the next big wave in management, after process re-engineering, will be measurement. For once the great prophet seems to be behind the times. Evidence that the boom has already arrived is everywhere: in the fashion for "benchmarking" and other total-quality measures that have been growing for almost a decade; in the more recent take-off of activity-based costing (ABC); in the search for balanced score cards of physical as well as financial measures; and in the growing popularity of performance measurement – the translation of business objectives into detailed measures of departments, teams and individuals.

The twin reasons for all this activity are self-evident. First, organisations of all kinds are under enormous pressure to improve performance and that of their constituent parts: businesses, processes, departments, teams and individuals. Second, the falling cost of information technology allows a range of measurements to be made relatively cheaply.

This all creates a rich hunting ground for accountants and other consultants. But is it altogether healthy for their client organisations? What should organisations measure? How often, and in how much detail? Is Harvard's Robert Kaplan, the great evangelist for ABC and balanced score cards, right that "what you measure is what you get"?

Both sides of the argument have been put persuasively in the past few weeks. Peter Chadwick, a continuous improvement consultancy operating in Britain, France and Germany, published a study of 300 companies in those countries which concluded that 75 per cent have management systems that do not monitor and control productivity accurately. Only six out of 10 companies set performance targets for all or most of their departments, with a much lower rate (40 per cent) in France than in Britain and Germany (75 per cent).

While 80 per cent of companies claimed to monitor customer satisfaction, barely 20 per cent made this information available below middle management.

Moreover, the quality performance measures used by most respondents focused too late in the cycle: on customer complaints and returns, rather than on measures within the workplace, such as "first-time yield" and product or service lead times. These would avoid such problems arising in the first place.

The consultancy also complained that only 20 per cent of companies measured performance using "short-interval [hourly] controls, which in many cases provide the frequency required to measure performance targets effectively". The consultancy concluded that: "If it matters, measure it."

A similar line of argument was expressed last month by one of Britain's most experienced senior personnel managers, Mike Haffenden, who has just left Hewlett-Packard.

'You shouldn't evaluate every aspect of every team's performance in every process'

Speaking at a conference on change management, Haffenden said organisations should measure regularly the performance of all their key processes, from on-time delivery to change management itself. His only evident scepticism towards measurement – what HP and other American companies call "metrics" – was in the appraisal of individuals' performance, where he claimed never to have seen a job evaluation or performance appraisal scheme that was really worth the effort.

A much stronger dissenting voice was heard at the same conference from a surprising quarter: David Pascall, head of British Petroleum's "culture change" review team in 1989-90 and until a year ago chairman of the National Curriculum Council, the predecessor body for the authority that is now responsible for testing schoolchildren in England and Wales. He is now finance director of part of MAI, a financial, media and information conglomerate.

Organisations should be wary of joining the "if it moves, measure it" bandwagon, Pascall warned. If, during a change process, people feel their behaviour is being measured at every opportunity, he said, "they'll feel inhibited. You shouldn't evaluate every aspect of every team's performance in every process". Instead, he advised organisations to follow BP's lead in removing all sorts of checks and balances, and then "seeing if people deliver".

As chairman of the NCC, Pascall complained that the UK government, in its enthusiasm for schoolroom measures of all kinds, had made them too complicated. It was unnecessary to test every child in every subject in the same way at the same stage, he argued. His advocacy has helped simplify the methods, frequency and intensity with which schoolchildren will be tested from now on.

A similar drive is needed in the business world if it is to avoid drowning in a sea of quantitative and qualitative measurements. This point was made eloquently last week by, of all people, a partner from a big accounting firm.

Speaking at a Royal Society of Arts conference on "Tomorrow's Company" – a campaign which advocates, among other things, the introduction of much broader business measures – Peter Ward of Coopers & Lybrand warned against making the already complex subject of corporate measurement even more complicated by "seeking spurious accuracy through too many measures".

What is needed, he suggested, is a much broader but more flexible range of indicators to measure the corporate equivalent of body temperature and blood pressure.

Ward did not confront the thorny question of whether and how to amend the old accountancy maxim that all relevant measures should be compressed on to a single sheet of A4 paper. As in schools, every effort must be made to avoid measuring the performance of every limb and artery so often that the body hardly has the time or motivation to function.

OBITUARY

JOHN FRANCIS DODGSON, BSC (ECON); F.C.A. Lately a partner in Coopers & Lybrand International, Zambia. Born April 7th 1925 in London. Died suddenly at home March 19th 1994 in Lusaka. He is deeply mourned by his wife Margaret, daughters Jenny and Clare and son-in-law Paul. Will all friends overseas please accept this as official notification. PO Box 32027, Lusaka, Zambia. Tel. No. 291227 Fax: 00 26 1 226123.

LEGAL NOTICES

Texsa S.A., Barcelona, subsidiary of Lafarge Coppée, France, was sentenced by the International Court of Arbitration (ICC) in Paris on the 3rd of November, 1992 to pay forthwith a sum of 2 million Swedish Crowns to Duonova AB of Sweden. The sum still remains unpaid.

Anyone who can given such information on assets of Texsa in Europe, which will lead to a successful enforcement of the award sentence, will be rewarded.

Debtors of Texsa are invited to contact us before payment.

Duonova AB
Tel. +46 8 98 50 18
Fax: +46 8 98 50 08

A.O.C.O.P. (HOLDINGS) LIMITED
Registered number 1494[illegible]
Trade classification: 32
V M BARSTOW and N H COOPER
Joint Administrative Receivers
(office holder nos. 005[illegible] and 005[illegible]) of
ROBSON RHODES 186 City Road, London EC1V 2NU
Date of appointment: 25 February 1994
By whom appointed: Midland Bank Plc
Date of charge: 1 December 1986
Nature of charges: Fixed and Floating Charge

Developers risk dabbling

Vanessa Houlder reports on reasons for the recent increase in speculative development activity

The return of speculative developers to the property market is possibly the most remarkable factor in the turnaround in sentiment towards property over the past year.

Their emergence, albeit in small numbers, is happening at a faster pace than seemed possible a year ago, when the market was preoccupied by falling rents, a glut of surplus properties and a dearth of development finance.

But how robust are the prospects for this development cycle? Will it be enfeebled by weak tenant demand and the reluctance of the banks to lend to developers? Or is there a possibility that the upturn in development activity will be sufficiently marked to depress the recovery in rental values on which it is founded?

The foundations for recovery are beginning to fall into place. Sites are readily available, often with planning permission. Construction costs are low, financing costs have fallen and funds are available from a small but growing number of property companies and investment institutions.

And although tenant demand is still patchy, rents are in many cases stabilising.

It is no wonder that developers are dusting off the planning permissions that they shelved during the downturn. There is a strong incentive to be the first into the market – limited competition on the completion of property.

"We are going to be there with the first wave of development and then let others fight it out," says Mr Michael Slade of Helical Bar, a property company which has a £100m programme of speculative developments in Cardiff, Theale, Edinburgh, Leeds, Guildford and Cambridge.

Helical Bar is not alone. Argent, a property company, is starting a speculative office scheme in June at Brindley Place in Birmingham, which is a 17-acre site with consent for more than 1m sq ft of office, retail and leisure space.

In central London, Great Portland Estates has started work on a 100,000 sq ft office scheme in Great Portland Street. British Land has started work on 180,000 sq ft in the City, and AMP and Arcona are refurbishing in Pall Mall.

In the City, Lord Palumbo has teamed up with Dieter Bock to develop Number One, Poultry, situated by the Bank of England.

In the retail sector, the development of retail warehouses is proceeding at a cracking pace. Demand is strong for warehouses and because they are traditionally pre-let to tenants the supply of available space is restricted. About 4m sq ft of floorspace is currently under construction.

In the shopping centre market, Prudential, the insurance company, and JT Baylis, a Bristol developer, are due to begin work later this year on the 650,000 sq ft regional shopping centre at Cribbs Causeway, near Bristol. Imry Group plans to begin work on the early phases of its Esplanade shopping centre in Southampton later this year.

Admittedly, these are the exceptions, rather than the rule. And the increase in development activity is taking place from an extremely low base.

In the office market, for example, completions in 1993 totalled 4.2m sq ft, less than half of the 9.1m sq ft completed in 1992.

Caution about the strength of economic recovery is holding back many would-be developers

According to Hillier Parker, shopping centre development has dipped to its lowest level since 1965. The amount of floorspace which is at present under construction fell from 19.32m sq ft to 1.89m sq ft between March 1990 and December 1993.

Caution about the strength of economic recovery is holding back many would-be developers unless they can secure a letting from a tenant before construction begins.

Mr Stuart Robinson of Hillier Parker, chartered surveyors, says: "There is still a question mark over tenant demand in many areas. Rents have not got to the point where people are confident about development."

The difficulty of raising bank finance also accounts for developers putting projects on hold. Almost all the banks involved in financing the large upturn in construction activities in the late 1980s are now absent from the market. "It is still almost impossible to fund a speculative transaction with a bank," says Mr Slade.

That said, other sources of funds have increasingly become available. Large property companies are flush with funds after a spate of rights issues.

The institutions, which have increased their allocations to the property sector, have found it difficult to secure sufficiently well built properties which meet their specific needs.

Most institutions prefer to limit their risk by funding pre-let developments. But there are about 20 institutions prepared to discuss the funding of speculative developments. In such cases, however, the risk of construction cost overruns and guaranteeing the rent would be typically left to the developer.

The question remains whether developers are right to risk embarking on development while tenant demand is so low, economic prospects are uncertain and there still exists a surplus of available buildings.

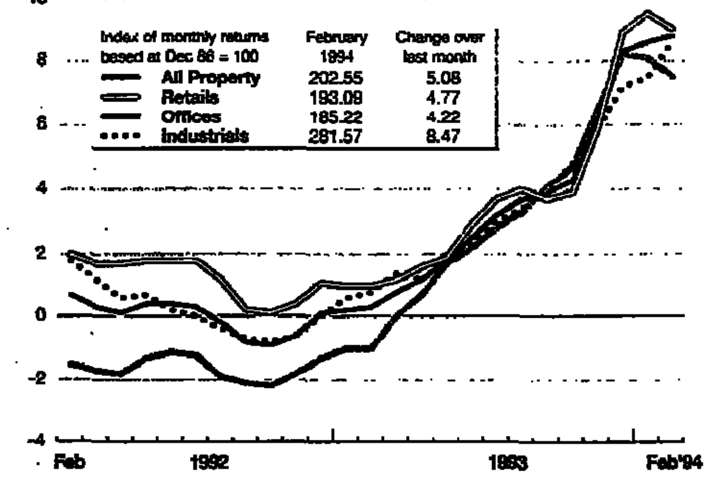
The case for starting on development before tenant demand is evident is based on the length of the gestation period for building projects, that is planning and design to constructing, fitting out, completion and occupation, which typically takes three years. "You have to be there in advance of tenant demand," says Mr Slade.

At present, development activity is sufficiently low to limit the degree of oversupply building up again. But if the market continues to heat up, there is some concern that too many buildings may come on stream.

"There is a danger that institutions which are anxious to get funds into the property market will create overcapacity and develop rather sooner than we would like," says Mr David Hunter of Scottish Amicable.

The institutions have reason to be cautious: they have made mistakes before. At the end of the 1970s, they financed a surge in construction which came on stream as the economy plunged into recession, setting back real rental growth for another five years.

IPD monthly index for February



Returns improved in all commercial property sectors in February, pushing the All Property Return up by more than half a point to 2.6 per cent, according to the Investment Property Databank, a research group, writes Vanessa Houlder.

Capital growth increased to 1.9 per cent and was notable in the industrial sector where the rate of growth nearly doubled to 2.3 per cent. Yields shortened in all sectors bringing the All Property initial yield to 8.2 per cent and the equivalent yield to 8.7 per cent.

The rate of cumulative net investment in the IPD Index Funds in the month rose to its highest recorded level of nearly £100m. Over the past five months, more than £400m has been invested in the funds, providing what IPD describes as "hard evidence of the most dramatic shift in strategy on record".

Retail rental growth stabilised in February, turning positive for the first time since September 1991. The All Property rental growth rate was unchanged from the previous month at -0.3 per cent, as office rental growth slowed to -0.7 per cent from -0.6 per cent in January.

The All Property growth rate over 12 months to February was -6.8 per cent, against -7.4 per cent for the year to January. Industrial property performed best in February with a return of 3.1 per cent. Retail property fell to second place with a total return of 2.5 per cent, followed by offices with 2.3 per cent. Retail property recorded a total return of 22.3 per cent for the year to February, followed by industrials with a 20.6 per cent and offices with a 20.3 per cent.

COMMERCIAL PROPERTY
This section also appears today on page 14

TECHNOLOGY

Making light work

To enthusiasts of the latest technology, it is an exciting portent. To those dismayed by the prospect of homes swamped by myriad television programmes, it is a nightmare.

Either way, information superhighways promise dramatic changes in work and leisure habits. Using fibre amplifiers containing erbium (a rare earth), laboratory demonstrations have shown that as many as 400 TV channels from one studio could be transmitted to 40m subscribers in a 500km radius.

Now, a consortium involving the UK's Southampton University, whose Optoelectronics Research Centre invented the erbium fibre amplifier, has been set up to develop "loss-less splitters" on optical chips intended to make such huge distribution networks much more commercially attractive by reducing the need for transmission power.

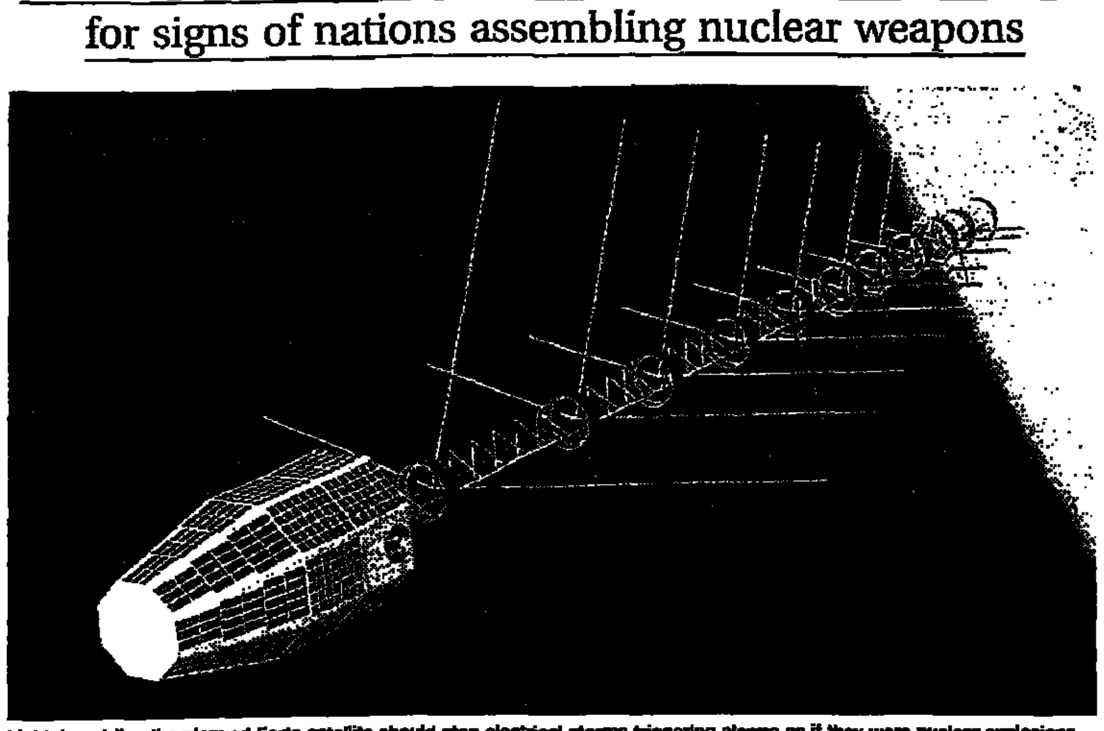
A loss-less splitter takes an incoming signal from an optical fibre and divides it between multiple output fibres, but maintains signal strength by boosting the power with an optical amplifier. The consortium, funded by the European Union's RACE programme (research and development of advanced communications in Europe) aims to produce optical amplifiers not in optical fibres but using specially cut glass slices in which optical circuits are embedded, rather like silicon chips for electronics.

Optical glass slices measure a few centimetres and contain optical waveguide circuits (finer than human hair) and components instead of transistors. They are hard to construct but are likely to play an essential part in the new information infrastructures that a number of countries are planning.

Other members of the consortium are Corning France, AT&T Network Systems Netherlands, and the R&D centre of the German postal and telecommunications network.

Andrew Fisher

Christopher Anderson on a satellite designed to watch for signs of nations assembling nuclear weapons



Lightning strike: the planned Forte satellite should stop electrical storms triggering alarms as if they were nuclear explosions

A spy looks down

As international arms control negotiators continue a frustrating diplomatic struggle with North Korea over access to facilities that they suspect may be part of a secret nuclear weapons programme, US intelligence agencies are focusing on a military satellite orbiting far above the Korean peninsula.

The satellite is keeping tabs on a 5MW nuclear reactor near the North Korean capital of Pyongyang. As long as the satellite continues to detect heat from the reactor, US officials can be relatively confident that North Korea is not in the process of building a bomb: it would need to shut down the reactor before it could extract waste fuel and process it to make plutonium for a nuclear weapon.

But if the satellite detects any significant cooling – the first sign of a shutdown – all bets are off. Korea could have a working weapon within months, and the time for diplomacy will have passed.

If a major US research programme quietly launched over the past two years is successful, this satellite may be joined by many others keeping similar vigils – an entirely new generation of remote-sensing orbiters, all watching for signs of some nation trying to assemble a nuclear arsenal.

Scientists in the programmes say such satellites will never totally replace ground inspections and traditional intelligence for spotting nuclear outlaws in the making. But the lessons of the 1991 face-off with Iraq are still fresh in the minds of non-proliferation specialists: Iraq kept international monitors at bay for months, and when the inspectors did get in they found Iraq's nuclear programme was far more advanced than they had suspected.

The appeal of satellite monitoring is that it provide a means of detecting the signs of nuclear proliferation without the diplomatic brinkmanship and face-offs that plague traditional inspections.

At US government laboratories in New Mexico and Livermore, California, researchers who were once designing Star Wars satellites to shoot down nuclear-tipped enemy missiles are now working to see that these nuclear warheads are never built at all. Their new project is a space shield of a different sort: a nuclear proliferation-sensing network of surveillance satellites.

The early warning technologies they will carry go far beyond the cameras and simple sensors of most current remote-sensing orbiters. In one part of the programme, which is expected to cost $100m (£68m) a year by 1995, researchers are developing multi-spectral sensors that could spot anything from chemical residue released during plutonium reprocessing to the distinctive heat signature of a nuclear reactor in a weapons material production cycle – even before the nuclear material is removed.

Meanwhile, other researchers are looking at the possibility of detecting even more subtle warning signs, such as the electromagnetic signals emitted by isotope-separating centrifuges and the characteristic vegetation damage near tanks storing waste from weapons production.

The details of which signatures the researchers are focusing on and how they will achieve the needed sensitivity are secret. "The real concern is that if you show your hand, there may be counter-measures that make your job harder," says Robert Scarlett, who manages the proliferation detection programme at the Los Alamos National Laboratory, New Mexico.

First in operation will be a technology that has its roots in sensors carried aboard secret satellites used since the 1970s to spot nuclear tests. In 1995, the US Department of Energy plans to launch a satellite known as Forte, for Fast On-board Recording of Transients Experiment. The satellite is designed to use on-board electronics to distinguish between the electromagnetic signature of lightning and that of a nuclear explosion. Lightning has been the source of false alarms in the past, says Max Koontz, the department's programme manager.

A year later, the US plans to launch the first of a new generation of proliferation-sensing satellites that may be able to spot nuclear signs even earlier. The $70m Multi-Spectral Thermal Imager should be able to detect heat fluctuations from reactor cooling towers and waste water, even through clouds.

In an initial test, researchers on the ground will directly measure heat output at the Savannah River weapons production facility in Tennessee, which has several nuclear reactors that can produce weapons materials; at the same time, the satellite will measure the same thermal emissions from space. Comparing the "ground truth" with the space readings will allow the researchers to gauge the sensitivity of space detection and calibrate the sensors.

Later, the Los Alamos group hopes to design and fly other multi-spectral sensors which will attempt to use techniques similar to those of their brethren in environmental remote sensing to detect vegetation changes around nuclear processing plants. Uranium enrichment and plutonium reprocessing yield large amounts of chemical waste, including organic compounds, acids and fluorine.

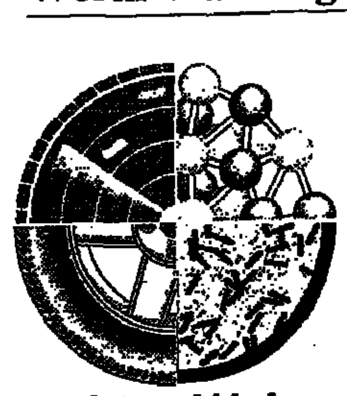
Laboratory scientists say satellites could spot characteristic "kill zones" around waste holding tanks, where chemicals associated with nuclear processing have contaminated the soil or ground water and killed vegetation.

Other teams are hoping to use laser beams to probe gaseous emissions from suspected bomb factories, looking for unique reflections and absorptions that might indicate the presence of tell-tale weapons production by-products.

Even the optimists in the programme expect that it will be more than a decade before any of the new proliferation-sensing technologies are actually in use. "The further we get into this, the harder we realise it is," says David Dye, leader of the Lawrence Livermore laboratory's intelligence and national security technologies programme.

But with half a dozen nations threatening to join the nuclear fraternity, there are plenty of reasons to find better ways to spot the early signs of proliferation. No one expects satellites entirely to replace ground-based sensing and actual inspections. But while North Korea continues to play cat-and-mouse over on-site inspections, Washington policymakers are finding the prospect of space detection – in spite of its technical complexity – hard to resist.

Worth Watching · Della Bradshaw



Earprint could help beat credit card fraud

The human ear is at the centre of the latest system designed to combat credit card fraud, *writes Anna Kochan.*

The shape, size and contours of the ear are as individual as the fingerprint, says Rouen-based inventor Patrick Macron. The personal identity system he has developed is based on a smart card (which stores data about the shape of the ear on a built-in chip) and a telephone with a miniature video camera, sensors and electronics built into the earpiece.

Macron envisages cash dispensers of the future being equipped with these telephones. Customers will put their smart card into the dispenser while holding the telephone to their ear. The dispenser will compare the telephone "image" to the details stored on the card, and customers will be cleared to proceed – or not – within about four seconds.

Macron: France, 35 73 01 99.

Nematode worm about to turn

A microscopic parasitic worm known as the nematode has been plaguing crops all over the world. But a Central American tree is providing a new way to fight it.

Nematodes attack many crops. In some cases they can be combated with existing synthetic solutions. However, these are too toxic for plantation crops, such as bananas.

The new treatment, DMDP, has been developed by the Royal Botanical Gardens at Kew and the Scottish Crop Research institute, from the seeds and leaves of a Costa Rican tree. It is potentially far less toxic than synthetic treatments.

DMDP is being further developed by Inbio, a Costa Rican conservation organisation, based in Heredia, which is using aerial photographs from Nasa to identify donor trees.

Inbio: Costa Rica, 36 7690.

A step ahead of the customers

A neural network, artificial intelligence software which "learns" how to analyse data from past examples, is helping retail chain Radio Rentals to retain customers.

In trials, the neural network, from Thorn EMI's Central Research Laboratories, has made Radio Rentals 30 per cent more accurate in predicting which customers will terminate rental contracts. This helps the company target its marketing more effectively.

CRL: UK, 081 848 9779.

Information at the tip of your fingers

Touch screen technology, which can detect pressure through two inches of glass, could open up new applications for shop window computer terminals.

Manufactured by MicroTouch Systems, in Methuen, Massachusetts, the screens could provide after-hours information to bank customers, for example.

Developed in the UK by Moonstone Designs, the screens have an electrostatic charge behind the glass. By measuring disturbance in the field the computer can calculate where the pressure was applied and then provide the information required.

MicroTouch Systems: US, 508 659 9000; UK, 0344 260123.

Inside track on getting fit

The latest fitness machine to hit Europe from the US is Walkfit, a non-motorised treadmill with a built-in upper body exerciser.

It has been developed by NordicTrack, the Chaska, Minneapolis-based company famous for its indoor skiing machines. NordicTrack claims that Walkfit burns up 70 per cent more calories than a motorised treadmill because the user provides all the required energy. The Walkfit incorporates two free-moving bars to be grasped while walking or running, so exercising the upper body.

NordicTrack: US, 612 368 2500; UK, 0926 431515.

PEOPLE

Sir Michael Angus to chair Boots

Sir Michael Angus, chairman of Whitbread and president of the CBI, is to take over as chairman of retailing and pharmaceuticals group Boots from July, in what analysts see as a highly significant appointment. There was speculation yesterday that he was being appointed to take some tough decisions at Boots – especially regarding the future of its pharmaceuticals business.

Sir James Blyth, chief executive since 1987 and architect of the acquisition of Ward White and reorganisation of Boots group into separate business units, is being given the additional, and new, role, of deputy chairman. The announcement prompted speculation that he is being groomed eventually to succeed Sir Michael (right) as chairman.

Sir Michael, 63, is appointed a non-executive director with immediate effect and will replace present chairman Sir Christopher Benson after the annual meeting on July 24. Sir Christopher, chairman of Sun Alliance and Costain as well as The Housing Corporation and The Funding Agency for Schools, has been chairman since 1990 but has taken a low profile during the past year. He was criticised for his handling of the group's annual meeting last year, which was disrupted by animal rights protesters.

The more pugnacious Sir Michael, described by a former colleague as a "tough, blunt businessman", spent much of his career with Unilever, after service with the RAF and a degree at Bristol University.

After a spell as chairman and chief executive of Unilever US, during which he restructured the US business, he was group chairman from 1986 to 1992. He was credited with waking up a sleepy company, shedding some businesses and refocusing the group on its core activities.

He has performed a similar task at Whitbread since 1992. He has also served as CBI president since 1992, forming an effective partnership with director-general Howard Davies.

In addition to his capacity for taking tough decisions, Sir Michael's political influence and international experience are seen as assets to Boots, particularly as it seeks to expand its over-the-counter drugs business, Boots Healthcare International, overseas.

"The appointment of Sir Michael is quite a coup for us," admits Boots. "He is highly-regarded and wields considerable influence."

Mr London

The government's first regional director for London is to be Robin Young, the civil servant who has headed the Local Government directorate in the Department of the Environment since 1992.

Young, 45, will spearhead the government's attempts to improve the administration of London in the absence of an elected body for the capital. From April 11, he will head the new single London office which brings together the regional offices of the departments of Trade & Industry, Transport, Employment and Environment.

Like the other nine regional directors, Young will be responsible for funnelling funds from these departments to the London region. He will also control London's share of the single regional budget, a pot of £1.4bn provided by the four departments which local authorities, Training and Enterprise Councils and other local partnerships will be invited to bid for.

The London directorship will be at grade 2 (deputy secretary) level, in recognition of the importance of the post in implementing the Conservatives' election pledge to improve the co-ordination of government policy in London.

Young joined the civil service in 1973 after education at Fettes College, Edinburgh, and University College, Oxford.

He served as principal private secretary to three Environment secretaries between 1985 and 1988. In 1988, he was promoted to grade 3 (under secretary) with responsibility for policy on private sector housing and housing associations. He headed the environmental policy directorate 1989-91 and was responsible for preparing Chris Patten's white paper This Common Inheritance.

He can be expected to provide forthright leadership for the new London Office: ministers have not always been happy with the high profile he has taken at the DoE.

Non-executive directors

Watson & Philip, the Scottish-based retail and wholesale food group, has appointed a new chairman, James Watson, who replaces the late Ian Macpherson.

Watson & Philip's chief executive, David Bremner, says that he prefers to describe Watson's role as part-time rather than non-executive, "as he will be spending 50-ish days a year with the company, far more than one would expect from a non-executive chairman. Watson will be much more than a figurehead, which a non-executive title might imply."

Watson remains chairman of NFC; he is also chairman of the Institute of Management. Bremner says that Watson has no family ties with the business – the shared name "is purely coincidental".

■ Tim Congdon, md of Lombard Street Research and one of the Treasury's "wise men" who has recently become a Lloyd's name, as chairman at SBW INSURANCE RESEARCH, the Lloyd's research company jointly owned by Stace Barr Underwriting Agencies and Wellington Members Agency.

■ Devising a railway timetable is the art of slotting trains into routes with minutes to spare. Railtrack, the company which takes over responsibility for British Rail timetabling on April 1, appears to have been honing its skills in the field of board appointments.

With less than two weeks to go before Railtrack goes "live", the company has finally announced that it has found a finance director. Norman Broadhurst, at present deputy chief executive and finance director of shipbuilding and engineering group VSEL, has been appointed.

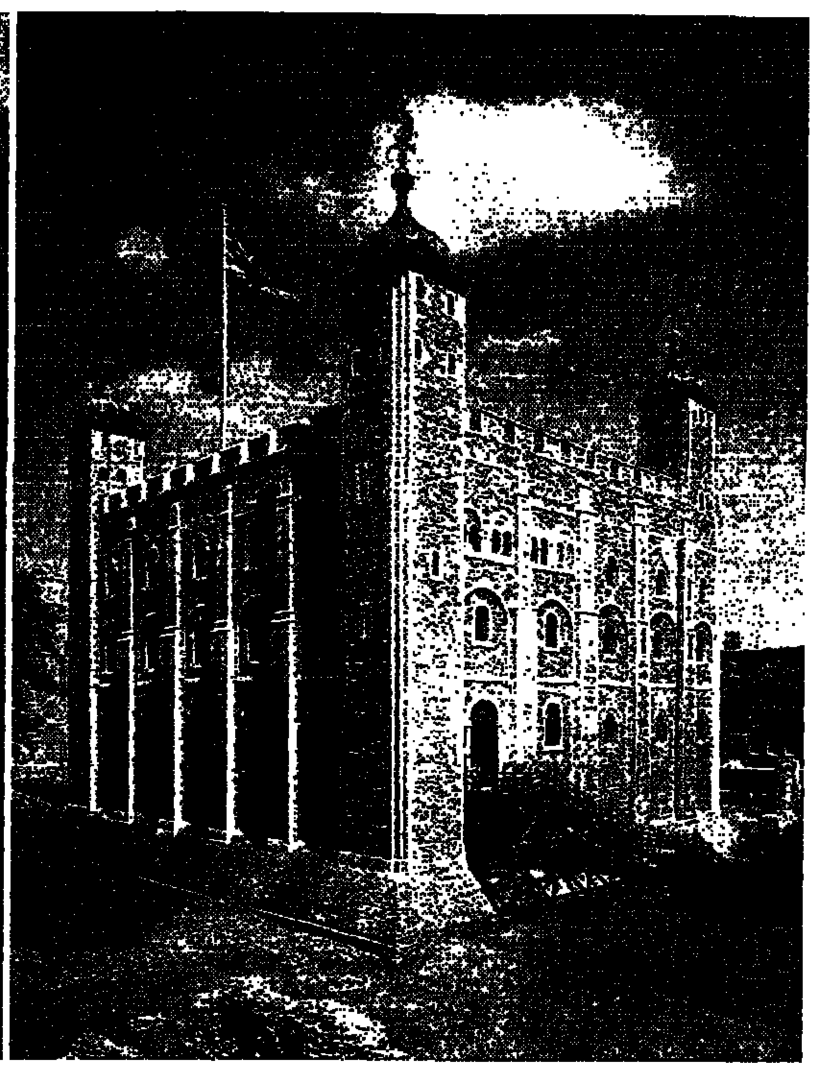
Broadhurst, 52, (below) will join Railtrack full-time on July 1. He has already started reading himself into his new job but is required at VSEL for some time yet to complete their annual accounts.

After spending part of his early career with accountants Price Waterhouse, Broadhurst devoted the next 13 years to Platt Saco Lowell, a manufacturer of textile machinery and part of the ill-fated Stone Platt Industries.

He subsequently moved to China Light and Power, a Hong Kong public utility, and then, in 1986 became financial director of United Engineering Steels. In 1990 he went to VSEL which had been privatised from British Shipbuilders four years earlier. Broadhurst says that the common feature of his two most recent jobs was that they involved newly formed companies attempting to establish themselves in their respective markets: "I am used to getting in at the grass roots," he says.

Railtrack, which will take over BR track, signalling and stations valued at £6.5bn, will provide an opportunity to put those skills to the test.

■ Melvin Pointer is moving from NFC to become group treasurer of Railtrack, and at VSEL, Rob Holden, currently group financial controller, will become acting finance director when Broadhurst moves.



Trevor Humphries

Crown Copyright

The Crown Jewels in their new home. The White Tower is next on the list to be made customer friendly

Whisked through the Jewel House

The Historic Royal Palaces' mission to explain may be driven by profit but it does meet a demand, says ***Antony Thorncroft***

The Crown Jewels have been locked away in the Tower of London for over 600 years. Not the same jewels, of course: Oliver Cromwell melted down the medieval regalia in 1649, with just one 12th century Coronation spoon escaping the flames.

But from Charles II onwards, there has been a steady accumulation of crowns and plate, of orbs and sceptres and rings and swords. The jewels on display today record the triumph of the British Imperial adventure. What was lost of medieval craftsmanship has been made good by the tribute, and loot, of Empire.

For decades the Crown Jewels have been the pride and despair of the Tower. They are its principal attraction and few of the 2.25m visitors a year have given them a miss, even though it has meant queueing in the exposed wastes of the Tower courtyards. Every few years the jewels have been moved, but never with any lasting satisfaction. From today, however, they have a splendid new home, built at a cost of £10m, which should see out our generation, and more.

From one perspective the new Jewel House marks the second, and most important, stage in the long term marketing strategy of that new commercial enterprise, the Historic Royal Palaces; from another it is an impressive, and most welcome, shrine for what could be regarded as the soul of the nation made manifest in the most costly, rare, and abiding of earthly treasures.

The millions have been spent unobtrusively, mainly on security. You enter the stern doorway of the Waterloo Block, a 19th century barracks. Immediately you realise you are in the grip of a system, a carefully programmed 25 minute experience as you edge along the procession towards the climax of the jewels. There are diversions on the way, most notably three giant screens showing scenes from the Queen's Coronation. They are surprisingly moving, especially as you realise that, despite the furore at the time about an "intrusive" televised Coronation, the actual moment of crowning remains a mystery, the Archbishop's robes forming a protective veil.

Historic Royal Palaces, an organisation created by the government to take over responsibility for the upkeep of Britain's finest ancient buildings, is in the business of painless education, and its justification for the new Jewel House is to explain the purpose of the regalia, the ritual of Coronation. So other rooms show film of the objects in use before they finally come into view; first the maces, trumpets and swords, which would head the traditional procession, then the anointing vessels and finally the Crown Jewels themselves.

At peak times a moving pavement will be switched on, which allows an over-brisk assessment, although there is nothing to stop you repeating the ride, or examining the jewels from a raised gallery.

They are reassuringly awesome. Even those most sceptical about "jewel fever" and the lure of gold and precious stones would find it hard to be indifferent to the largest diamond in the world, set atop the sceptre. Even the most supercilious will speculate on the variety of the crowns – the tiny crown of Mary of Modena; the miniscule diamond crown of Queen Victoria; the large crown of the Queen Mother, which contains the Koh-i-Nor diamond, a token of bad luck when worn by men, but harmless to women.

Then there is silver gilt plate by the van load, the Imperial Crown of India and various curiosities before you reach the inevitable journey's end: the shop. It is all rather breathless and claustrophobic, and anyone wanting to make the most of the experience should repeat the journey. To keep the flow moving, the jewels are not lavishly explained: for example there is no attempt to point out the Koh-i-Nor, and unless you grab a Yeomen Warder, or mug up well before hand, you are certain to topple out with questions unanswered.

David Beeton, who runs Historic Royal Palaces, expects the new Jewel House to attract an extra 250,000 visitors. The figure is bound to be higher, despite an admission charge for the Tower raised from today to £7.95, which includes access to everything.

With the Jewel House behind him, Beeton is turning his attention to the Big One, the White Tower, the original Keep of London. He is using £20m from the profits he has already harvested, mainly from the spruced up Hampton Court, to sweeten the move of the Royal Amouries out of the Tower and into a new museum in Leeds. He will then turn his attention to making the White Tower customer friendly. He will want to hold on to some of its greatest treasures, such as Henry VIII's jousting armour, but the wide open spaces of the Tower offer wonderful opportunities for populist exploitation.

Some historical and cultural purists are horrified. They accept that Beeton has done a good job with the jewels but they have taken against his first enterprise at the Tower, the creation a year ago of a "Medieval Palace" in the 13th century buildings. They object to the replica furniture, to the presence of attendants, medievally dressed, who attempt to explain life in the 1270s.

But Beeton argues that no furniture of the period has survived and the attendants are qualified historians. For the vast majority of the public, the presence of a throne, of an adjacent oratory, of tables and fireplaces, however conjectural, are preferable to the empty rooms and lifeless stones of the recent past. The Tower has been knocked about for centuries and hardly anything remains untouched by 18th and 19th century improvers. Few visitors can imagine, unaided, the court life of Edward I.

Historic Royal Palaces' mission to explain might be in pursuit of profit but it meets a genuine demand. The Tower of London has always been a place of diversion, at least since it stopped being the last protective bolt hole for the monarch in the 15th century. It was where Londoners came to marvel at the King's weird animals, to gaze at his jewels, to consult the national archives, to gaze at the planets from the first royal telescope, to drink in the pubs that littered the Tower until the 19th century and, on high days, to watch the executions.

Today's public may be more restrained – it is also predominantly foreign and ill-informed – but there is no reason why it should not gain some enjoyment from the hefty admission charge.

Concert/**Richard Fairman**

Maxwell Davies and the RPO

The desire to be seen to support new music has prompted various British orchestras to offer house room to composers-in-residence. How far this will work to the composers' advantage is not yet clear, but the Royal Philharmonic Orchestra is showing signs of taking its responsibility seriously.

As from last season, it has had Peter Maxwell Davies as its Associate Conductor/Composer. With an eye to the future the orchestra has already commissioned from him a Sixth Symphony (even though he has not yet finished his Fifth) and has started to schedule existing works in its concerts. Usually 20th-century pieces are sprinkled among the popular classics, but on Wednesday the RPO was more ambitious and presented an entire concert of Maxwell Davies.

Later this year he will be 60, which could be the occasion to look back over his changing interests. From being a composer impelled to write by the creative urge within, he has matured into one whose music seems guided as much by external factors, such as the specific requirements of commissions.

In Wednesday's programme there were two main works, one early, one late. Although the *Second Fantasia on John Taverner's "In nomine"* is built on a Tudor foundation, it is a wholly 20th-century piece of musical architecture with its angular themes, its complex structure, its abstract form of expression. The orchestra is large, but used sparingly in the Mahlerian manner. At 40 minutes the work tests an audience's concentration, for as the composer remarked, it demands much of players and listeners alike. The RPO sounded tentative in it.

The Strathclyde Concerto No 4 for clarinet (1990) is one of ten in an ongoing project. Instigated by Strathclyde Regional Council, it shows us a different Maxwell Davies, working in a relatively approachable neo-classical style. The Clarinet Concerto is a very polished example of concerto writing. It has plenty of virtuoso passages for the soloist and makes good use of traditional features such as the cadenza, but is always music of substance, not empty note-spinning. Dimitri Ashkenazy caught its sensitive, sombre mood nicely.

To end Maxwell Davies conducted *An Orkney Wedding, with Sunrise*, a Boston Pops commission. The vigorous Highland flings, a tipsy violin solo, raucous brass guests and bagpipes at dawn, all make this a vivid showpiece, which the RPO might consider using more widely. Responsibility and fun can usefully be combined there.

Theatre/**Martin Hoyle**

Glyn and 'It'

Nonsensical, faulty in construction and ungrammatical is the sniffy verdict of Chambers Biographical Dictionary on the writing of Elinor Glyn. Despite these ideal qualifications for journalism, she poured her talents into novels and, briefly in the 1920s, writing and directing films.

Ken Hoare's new play focuses on her meeting with Clara Bow, whom Glyn famously dubbed "the 'It' girl" – "it" and "oomph" being a more reticent age's identification of sex-appeal. *Glyn and "It"* rings imaginary wisecracking variations on the theme of patrician Englishness meeting American crudeness and liking it. It is principally a vehicle for Penelope Keith's Elinor Glyn.

As the curtain rises, she is revealed reclining on the inevitable tiger-skin. Tim Goodchild's fantasy set combines Syrie Maugham's all-white decor with a dash of Kiplingesque exoticism. Fantasy is the operative word: Ken Hoare's previous work includes material for the comic Stanley Baxter, and award-winning sitcoms. His first stage work emerges as a cross between Kaufman and Hart's Hollywood satire *Once in a Lifetime* and a putative *Carry On Keystone*, with more emphasis on the passing gag than dramatic construction.

The undeveloped plot hinges on Clara Bow's flight from unwelcome publicity after a spurned boyfriend shoots himself. The young man's father is a hellfire evangelist ready to denounce the whore of Babylon unless bought off. Meanwhile the British author and the American sexpot collaborate on a film-script, a relationship that ripens into mutual respect and affection, almost sabotaged by Madam Glyn's stuffy English butler.

This might fill a bright weekly half-hour slot in the summer schedules. Taken in one insubstantial helping, the writing betrays its sitcom pedigree. Some lines somewhat laboriously hit the target, as "Sin in Hollywood is the equivalent of education in England: it's there for the few who want it." Some fall thuddingly short as in the exchange, "Couldn't I interest you with a little cinnamon toast?" "You couldn't interest me with the dance of the seven veils."

More importantly, the author vacillates in his portrayal of Glyn, alternating between the gushingly precious, lost in self-love, and the shrewdly warm-hearted worldly-wise. Miss Keith confines herself to the upper-class cooing and whooping that she has amusingly deployed for 20-odd years, prunes and prisms all over the stage; but, as with riding a bicycle, when she starts to think about how she does it, uncertainty results. In Act 2, the accent is strained and fractured, for a terrible moment evoking the awesome sound of genteel Australian.

In the supporting cast of Richard Cottrell's production, Michael Cochrane struggles with a stereotype butler, and Samantha Spyro effectively turns Clara Bow into a chirpy transatlantic Barbara Windsor.

At Richmond Theatre until tomorrow; then on tour.

Ballet/**Clement Crisp**

Interpreting Ashton's works

The continued life of a ballet in repertory – the reasons why it should still appeal to audiences; why it should still be worth watching on the most rigorous critical terms; why it should not be referred to the nearest Trading Standards office – has to do with a precious balance between style and spontaneity. Casts must feel at ease with the intentions of the choreography (however remote in time) and with their own powers to interpret them.

Because Frederick Ashton's creations lie at the heart of the Royal Ballet's identity, and because he was notoriously not interested in second or third (or 33rd) casts, his works are particularly subject to performance by rote, and all that implies of "This is what Sir Fred wanted, and this is the way you must dance it". There has resulted a paralysis in Ashtonian interpretation, doctrinally rigid – the letter killing, the spirit absent. So *Cinderella*'s Ugly Sisters, still played as debased copies of Ashton's and Helpmann's originals, are now a serious deterrent to watching the piece. So, a revival of *Symphonic Variations* in Birmingham looked as if its cast wore strait-jackets rather than Fedorovich's tunics, and were terrified to be themselves. So, on Wednesday night, *A Month in the Country* and *The Dream* as part of a triple bill, were, respectively, how and how not to dance Ashton.

The Dream lacked any lightness or clarity and, especially, that sexual pungency which must make the last pas de deux so real an image of Titania and Oberon's love. The Puck was leaden; the quartet of lovers were as time-worn as their predictable antics; the midsummer magic was autumnal, the wit doughy. William Trevitt was an Oberon of promise, and deserved a better setting; so did Luke Heydon as a gleefully simple Bottom. It is time for *The Dream* to be reconsidered; the lustre has gone.

Though I had little sympathy for some of the subsidiary casting in *A Month in the Country* – performances showed the spontaneity of a "speak your weight" machine – the ballet was admirably Ashton's. That it was so I attribute to developments in both Sylvie Guillem's and Bruce Sansom's interpretations. Mlle Guillem now looks at ease as Natalya. The caprices of a bored woman trapped in her summer *dacha*; the last flare of romantic feeling as she yields to Belyayev; the sense of affection, of guilt and of ungovernable jealousy that mark her relationship with Vera, were sensitively shown, and the dance gleamed.

Mr Sansom, who has seemed too perennially boyish for Belyayev, has gained in emotional weight and technical authority. The role is beautifully danced – line, dynamics impeccable – and sure in its sensitivity to Vera's calf-love and its boldness when confronted with Natalya's passion.

The other pleasure of the evening was Sarah Wildor's debut as Vera. The dancing, as we have come to expect from this gifted young artist, was lovely in its bright, true accents, its sweetness of outline. It was essentially Ashtonian. Her reading of the character – a first infatuation that tells of troubling depths – was ideal. The ballet was alive.

The bill was completed by David Bintley's recent *Tombeaux*. It offers excellent costumes for the women (Jasper Conran's black and amethyst tutus are a joy) and men in black long-johns that make them look like gymnasts in a frenzy of mourning.

The dance chatters vivaciously and keeps a mixed bag of Royal Ballet girls on the hop. Viviana Durante appears as an elegant creature in *dévoré* velvet and makes a great deal of the duets that are the best things in the piece; Bruce Sansom whips about the stage, expending quantities of classic style on some arduous evolutions. It is too garrulous for my taste – party chat as art.

The programme is repeated tomorrow, matinee and evening.

INTERNATIONAL

ARTS GUIDE

■ EXHIBITIONS

AMSTERDAM

Rijksmuseum Dutch Figure Drawings 1700-1850. Ends May 1. Closed Mon

Van Gogh Museum Pierre Puvis de Chavannes: 150 portraits, still lifes, genre pieces and sketches by the 19th century artist whose murals grace many public buildings in France. Ends May 29. Daily

BARCELONA

Museu Picasso The Avant-Garde in Russia 1905-25. Closed Mon (carrer de Montcada 15-19)

Fundació la Caixa Willem de Kooning: 50 paintings, sculptures and works on paper by the key abstract expressionist painter. Ends April 3. Closed Mon (Centre Cultural, Passeig de Sant Joan)

BASLE

Antikenmuseum Rediscovering Pompei: an internationally-acclaimed touring exhibition of 200 objects, including jewellery, ceramics, household implements and statues, providing insight into daily life in the Roman town. Highlights are the reconstructed garden with mosaics, a room complete with original frescoes and a selection of video guides. Ends June 26. Closed Mon

BERLIN

Haus der Kulturen der Welt The Gardens of Islam: paintings, carpets and ceramics evoking the exotic grandeur of traditional Islamic art. Ends April 4. Closed Mon

Neue Nationalgalerie Rebecca Horn (b1944): retrospective of the German artist renowned for her mechanical sculptures and provocative drawings. Ends May 1. Closed Mon

Brücke Museum Fritz Bleyl (1886-1976): more than 100 drawings, watercolours and prints by one of the founders of the Brücke. Ends May 16. Ernst Ludwig Kirchner: street scenes 1913-15, the high point of Kirchner's Expressionism. Ends May 16. Closed Tues

BONN

Kunst- und Ausstellungshalle Bunuel, Eye of the Century: a comprehensive retrospective of the Spanish film director (1900-83), showing the common ground between his films and Surrealist art. Ends April 24. Closed Mon

FRANKFURT

Deutsches Architekturmuseum Modern Architecture in Germany 1900-1950: Expressionism and the Neue Sachlichkeit. Ends July 3. Closed Mon

Schirn Kunsthalle Archaeological Treasures from Romania. Ends April 17. Daily

LEIPZIG

Museum der bildenden Künste From Cranach to Caspar David Friedrich: 62 paintings and 104 drawings from the rich but little-known Leipzig collection, ranging from Lucas Cranach's 1521 painting of Luther through Frans Hals, Holbein and Bernini to the German Romantics. Ends April 17. Closed Mon

LONDON

Royal Academy of Arts Goya: 100 small-scale paintings covering his entire career. Ends June 12. Daily (advance booking 071-396 4555)

Hayward Gallery Salvador Dali: The Early Years. Ends May 30. Daily (advance booking 071-928 8800)

Tate Gallery Picasso: 200 works focusing on the relationship between sculpture and painting. Ends May 8. Daily

National Gallery Claude: The Poetic Landscape. Ends April 10. Daily

Victoria and Albert Museum Fabergé: 350 treasures from Imperial St Petersburg. Ends April 10. Daily

British Museum The Study of Italian Drawings: a tribute to the late Philip Pouncey. Ends April 24. Daily

National Portrait Gallery Holbein and the Court of Henry VIII. Ends April 17. Daily

Whitechapel Art Gallery Medardo Rosso (1858-1928): retrospective of the Italian Impressionist sculptor. Ends April 24. Closed Mon

LUGANO

Villa Favorita Europe and America: 19th and 20th century oil paintings and watercolours. The Thyssen-Bornemisza Foundation's museum on Lake Lugano re-opens on April 1 with an exhibition of 150 works ranging from the Hudson River School to examples of Cubism, German Expressionism, the Russian avant-garde, Dada, Surrealism and Pop Art. Among the artists represented are Bierstadt, Ernst, Munch, Hopper, Malevich and Pollock. Ends Oct 30. Closed Mon. No parking facilities: take Bus no 1 (tel 091-516152)

MADRID

Centro de Arte Reina Sofia Joseph Beuys (1921-86): 10 installations, 25 sculptures and 456 drawings by one of the most controversial figures in postwar German art. Ends June 6. Closed Tues

MANTUA

Palazzo Te Aksel Waldemar Johannessen (1880-1922): this distinguished pupil of Munch died prematurely and was forgotten until a couple of years ago. This is only the second exhibition of his works ever held, and the first outside Scandinavia. Ends June 19

MUNICH

Kunsthalle der Hypo-Kulturstiftung Pierre Bonnard: 130 paintings and seven sculptures by the Nabis artist. Ends April 24. Daily

Lenbachhaus Between the Brücke and the Blaue Reiter: Expressionist paintings from the Ahler Collection, including works by Kandinsky, Kirchner and Beckmann. Ends May 23. Closed Mon

NAPLES

Castel St Elmo On the Wings of the Imperial Eagle: Naples under the Austrian Viceroy (1707-34). A splendid itinerant show, dominated by the baroque works of Francesco Solimena. Ends July 24

NEW YORK

Museum of Modern Art Frank Lloyd Wright: architectural fragments, full-scale constructions, scale models and 350 original drawings. Ends May 10. Closed Wed

Metropolitan Museum of Art The Decorative Arts of Frank Lloyd Wright. Ends Sep 4. Degas Landscapes. Ends April 3. 19th century paintings and drawings from Germany and Switzerland. Ends April 24. Closed Mon

Guggenheim Museum Frank Lloyd Wright's Designs for the Guggenheim Museum. Ends May 20. Robert Morris (b1931): 170 works by the American minimalist. Ends April 17. The main museum is closed on Thurs, the SoHo site on Tues

PARIS

Louvre Egypt's Role in Western Art 1730-1930. Ends April 18. Closed Tues

Mona Bismarck Foundation Early Italian Peoples: pottery, jewellery, bronze statuettes and arms from central and southern Italy 3000-300 BC. Ends May 17. Closed Sun and Mon

Petit Palais Art of the Tainos Sculptors. Ends May 29. Closed Mon

Centre Georges Pompidou The City, Art and Architecture in Europe 1870-1993. Ends May 9. Closed Tues

PRAGUE

Prague Castle Riding School Czech Modernist Art 1890-1918: a survey of the evolution of Czech art from the turn of the century to Cubism. Ends May 23. Georg Flegel (1566-1638): retrospective of one of Europe's earliest specialised still-life painters. Ends May 8. Closed Mon

Kinsky Palace Achille Perilli (b1927): retrospective of one of the foremost representatives of postwar Italian art. Ends April 10. Closed Mon

ROME

Villa Medici Tamara de Lempicka: 50 works from the years 1920-41 by the Polish artist famous for her addiction to the 'vie bohème', and for seducing all her (adult) models, except Gabriele d'Annunzio. Mainly nudes, her works are painted in vaguely Cubist style, tempered by Art Deco. Most are from New York private collections. Ends May 1. Daily

Villa Farnesina The Chinea and 18th century Architectural Firework Machines: an unusual show offering 18th century drawings and engravings depicting the annual ceremony in Rome when the Neapolitan ambassador offered a tribute to the Pope in return for the sovereignty of the Kingdom of the Two Sicilies. This was always accompanied by a white horse, known as the Chinea. Ends May 31. Closed Sun

VENICE

Chiesa San Bartolomeo Tintoretto: 15 religious paintings from Venetian churches. Ends May 1. Daily

Museo Correr Pietro Longhi: an exhibition of paintings, comprising mainly elegant genre scenes, by the Venetian rococo artist. Ends April 4. Daily

VIENNA

Kunstforum From Chagall to Picasso, Masterworks from the Guggenheim Museum. Ends June 5. Daily

Jüdisches Museum Chagall's Russian Years: 50 oil paintings, watercolours and drawings from the period 1908-20. Ends June 12. Closed Sat

Museum des 20. Jahrhunderts Picasso: 180 paintings, drawings, collages, bronzes and ceramics from the Ludwig collection. Ends June 19. Closed Mon

Albertina The Young Kokoschka: 200 watercolours and sketches from the years 1898-1917. Ends May 23. Daily

KunstHaus Le Corbusier (1887-1965): retrospective of the Swiss architect. Ends May 1. Daily

WASHINGTON

National Gallery of Art Egon Schiele: 70 works by the leading figure of Austrian Expressionism. Ends April 24. The Age of the Baroque in Portugal. Ends April 3. Ruth Benedict Collection: 78 prints and drawings from the 16th to 20th centuries, including works by Rembrandt, Canaletto, Tiepolo, Daumier and Moore. Ends June 12. Daily

Arthur M. Sackler Gallery Korean Arts of the 18th Century. Ends May 15. Daily

National Museum of American Art Thomas Cole: 70 works by the father of the Hudson River school of painting. Ends Aug 7. Daily

Walters Art Gallery A Bouquet of French Manuscripts: rare works from the late Middle Ages and Renaissance. Ends April 10. Closed Mon

Phillips Collection Brancusi: photographs and sculpture by the Romanian modernist. Ends April 17. Daily

Textile Museum From Kuba to Kars: flat-woven textiles from the Caucasus. Ends Sep 4. Daily

THE FT INTERVIEW: Nursultan Nazarbayev

Prospects in the pipeline

Kazakhs like to point out, with a combination of pride and servility, that Mr Nursultan Nazarbayev, their president, wears suits without pockets. Mr Nazarbayev has no need for pockets: when he wants to smoke, an aide scurries forward with a cigarette and a lighter; when it rains, another produces an umbrella; and if he sneezes, a third is ready to produce a handkerchief. The president, with a complete lack of self-consciousness, has a tendency to begin sentences with the phrase "I always tell my Kazakhs . . ."

The strong hand with which Mr Nazarbayev rules Kazakhstan – a country the size of western Europe stretched between Russia and China – disturbs many western political observers. He sees politically authoritarian and economically free-market south-east Asia, rather than western Europe, as a model for development. Western investors, weary of the anarchy in Russia's economic and political life, do not object. They are delighted to have found a despot with whom they can do business. Kazakhstan has already finalised an oil and a gas deal with two consortia of western multinationals. Russia, which has far greater oil and gas production, has been much less successful in attracting western investment.

This contrast gives Mr Nazarbayev the opportunity to observe that "whereas Kazakhstan is a unitary state, in Russia all political power has collapsed, so perhaps it is harder to do business there".

He believes that "based on our oil and gas reserves, we can say that in the 21st century Kazakhstan will be the world's main hydrocarbon producer". The businessmen patiently awaiting an audience in the plush lobby of the Hyde Park Hotel during his visit to London this week might not go so far, but they tend to agree that Kazakhstan is a good commercial prospect.

While Mr Nazarbayev dreams of his country becoming a central Asian Saudi Arabia – with a South Korea-style government – he knows Kazakhstan must first overcome formidable hurdles. Chief among them, as for all the former Soviet republics, is the development of a workable relationship with Russia.

Nursultan Nazarbayev, president of Kazakhstan

Kazakhstan is bound to its northern neighbour by ties of blood and miles of pipeline. The blood runs in the veins of the ethnic Russians, who make up more than 35 per cent of Kazakhstan's population. Aware of the potential threat from this Russian population, Mr Nazarbayev is careful on questions of language and culture: both Russian and Kazakh are the official languages of the republic and both Russian and Kazakh holidays are officially celebrated.

Despite this sensitivity, unrest among the Russians in Kazakhstan is growing, and is finding encouragement from some quarters in Russia. Russian nationalists – ranging from Mr Vladimir Zhirinovsky, the neo-fascist leader born in Alma Ata, the Kazakh capital, to Alexander Solzhenitsyn, the Russian author – believe the north-eastern corner of Kazakhstan, where Russians form a majority, should be incorporated into the motherland. Some local Russians agree. Mr Zhirinovsky's land claims so riled the normally diplomatic Mr Nazarbayev that he described him as "a little Hitler".

Economic bonds with Russia pose a more immediate problem for Mr Nazarbayev. Soviet centralisation means Kazakhstan has no oil refineries, and all its pipelines lead into Russia rather than to the western markets Mr Nazarbayev is wooing. Over the winter, this infrastructure created the paradox of oil-rich Kazakhstan shivering in an energy crisis.

As a member of Mr Nazarbayev's delegation bitterly put it: "We walked over billions of barrels of oil and gas, but we nearly froze to death."

The shortage was created by the failure of Siberian refineries to stick to an agreement to return refined oil to Kazakhstan. Through control of the pipelines, Russia is also demanding an equity share in the two big ventures Kazakhstan is undertaking to exploit its oil and gas fields.

"There are certainly some political overtones here," said Mr Nazarbayev. "These are our growing pains. We are all just beginning to learn to treat one another as fully independent states."

These overtones, and Kazakhstan's realisation that Russia has the economic muscle to drive a hard bargain, have provoked an important shift in Mr Nazarbayev's relationship with the Kremlin.

In contrast with the leaders of more stridently independent nations, such as Ukraine or the Baltic states, Mr Nazarbayev wanted to preserve the connections between the former Soviet republics when the Union disintegrated in 1991. But his dream of a partnership between equals has been displaced by the reality of Russia's increasingly overt efforts to dominate its neighbours; so the Kazakh leader has begun taking a different tack.

The best example is the rouble zone. Last year, Mr Nazarbayev fiercely objected to being forced to drop the rouble by Moscow reformers, who argued the impoverished central Asian republics were dragging Russia into hyperinflation. Having been forced into the cold and survived, Mr Nazarbayev is now scornful of proposals by Moscow's new leadership to recreate the rouble zone.

"Having a common currency now that each republic has its own economy, its own budget, its own central bank and its own legislature is just wishful thinking," Mr Nazarbayev said. "What is happening now is that each state is finding its own niche."

For Kazakhstan, this entails breaking its dependence on Russia's oil and gas infrastructure. Mr Nazarbayev said he would reject the Russian bid for equity in Kazakhstan's oil and gas fields. But so long as Russia controls the pipelines and the refineries, his words may prove empty.

That is why he spoke publicly this week about a hitherto secret project – Kazakhstan's plan to build a pipeline from Karachaganak, its largest gas field in the north, direct to the west via Turkey. "The pipeline through Turkey is a long-term project but it is definitely one to which we will give the highest priority," Mr Nazarbayev said.

The dilemma he and his Kazakhs face is that, bright though their prospects may be, today they must rely on Russia. It will be years before Kazakhstan reaps the benefits of developing its oilfields and building pipelines direct to the west. In the meantime, Mr Nazarbayev, the unchallenged ruler of his own land, will have to bend in his dealings with Russia.

Chrystia Freeland

Joe Rogaly

Devil is in the dealmaking

The rule is well-known. It never changes. Make a deal with the forces of darkness and you pay with your soul. Mr John Major entered into such an agreement last September. In a celebrated article in The Economist, he sealed a bargain with the nationalists and little Englanders who have since held sway in his Conservative coalition.

Its import was clear. The ratification of the Maastricht treaty, which he had forced through parliament by risking his government's life on a single no-confidence vote, was an experience not to be repeated. Britain would remain within the European Union, but would seek to remould it as a Gaullist congeries of nation states. In return the prime minister would be granted a respite from internecine strife. The arrangement must have sounded harmless at the time. After all, the EU, like the EC before it, always has been a permanent conference of independent governments, perpetually negotiating with one another. In essence, it still is.

The language of Mr Major's carefully-constructed concordat was ostensibly designed to unite the Tories. Drafts were shown to influential individuals, left and right, Eurosceptic and Europhobe. "I want to see the community become a wide union", he wrote, "embracing the whole of democratic Europe, in a single market and with common security arrangements firmly linked to Nato." That sounded noble enough, but there was a pay-off. The community he wanted would cease to "nibble at national freedoms". There would be no further encroachments on British sovereignty. Maastricht, it was implied, was the last treaty he would ask his party to swallow.

It seemed like a fair bargain at the time. In retrospect, it was lethal. Three years after he had presented himself as the prime minister who would put Britain at the heart of Europe, Mr Major had placed his government in thrall to activists who will not rest until the European Union is remade in the image of the soon-to-be-defunct European Free Trade Association. That is why an argument over whether Britain shall be able to block future business in the council of ministers by mustering 23 votes or 27 has become a touchstone of his intentions. It is little wonder that on Tuesday, when his impotence was revealed, the prime minister stood up in the house of commons and snarled like a cornered mouse.

Changing prime ministers won't help. No UK politician of stature has come out fighting for a European perspective

The leader of the opposition, said Mr Major, consulting his notes, was the man who liked to say yes – "*monsieur Oui*, the poodle of Brussels". This chauvinists' cliché was intended to constitute an attack on a *socialist* Europe. It came out as an assault on the institutions of the European Union. The prime minister was on better form yesterday. He spoke reasonably, and managed to focus on socialism. Who knows how he will play, or to which audience, next week? Nothing about this affair has proceeded smoothly. The foreign secretary, searching anxiously for allies in the cabinet, has looked increasingly unhappy as he speaks the language of diplomacy while Mr Major, constantly nudged and jostled by his new-found Eurosceptic allies, has closed off one option after another.

Changing prime ministers would not help. No politician of stature, on either side of the House, has come out fighting for a European perspective. The Liberal Democrats have gone quiet. Labour has enjoyed witnessing the government's discomfiture, but it has offered nothing, not a syllable, in the way of letting us know what it would do in the same situation. Two aspirants for Mr Major's job, Mr Michael Heseltine and Mr Kenneth Clarke, have compromised their known pro-European principles by humming Eurosceptical tunes.

That eternal weathervane, Mr David Howell, has written learned articles defending the existing size of the blocking minority. The Conservative chairman of the House of Commons select committee on foreign affairs argues that what is at stake is "yet more integrationist acceleration". Unless the rules are changed, he correctly points out, groups of countries with up to 40 per cent of the union's population could be outvoted. Yes, but the best time to change the rules is at the next inter-governmental conference, due in 1996.

Against that stands Mr Major's argument that it is his job to protect British interests. Quite so. To "stand up for Britain" is not in itself anti-European. The prime minister repeated yesterday that the government strongly favours enlargement of the EU. Agreed. Where his case falls down is in the evident motivation behind his stance. It is unmistakably political, designed to save the Conservative party by appealing to patriotism. The ploy will be tested at this week-end's conference of party workers, and again in the series of by-elections, local contests and Euro-polls due between now and June. Those of us who recall Mr Major's successful soapbox defence of the United Kingdom against Scottish separatism in April 1992 would be prudent to suspend judgement on the domestic political effect of this week's events.

It has to be said, however, that the omens are discouraging. Middle-of-the-road backbench Tory MPs who would normally not allow the number of blocking votes in the EU to enter their heads have been expressing support for the Eurosceptic position this week. Their single desire is a unified party, under whichever wing can keep the peace. Their concern is for their own seats at the next general election. Some of them are very nervous indeed. Tales abound of constituency parties that have run out of money, selection committees that cannot be bothered to field candidates in the local elections, usually well-attended annual meetings that have been abandoned for lack of an audience, and simple disillusion and demoralisation of the rank and file.

These clouds might be at least temporarily dispelled if there is a "British triumph" on the voting mechanism. What is required is a stitch-up that, at least in appearance, maintains the 23-vote blocking minority on issues, such as social legislation, that Britain considers important. Such an understanding *might* be negotiated by Mr Douglas Hurd when he meets his fellow foreign ministers in Ioannina, in western Greece, this weekend, or at another venue later on. That would give the prime minister and the Conservative government a breathing space, with no guarantees as to its duration.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Economics essential part of education

From Mrs S Copperwaite.

Sir, Michael Prowse made several valid points in his discussion about the state of the education system in Britain and America ("Let's think boldly about education", March 21).

He pointed out the absurdity of the fact that, under current educational guidelines, "school children are required to study natural sciences but not economics, which . . . is far more relevant for daily life".

I totally agree, but how can we in Britain expect such a radical rethink of priorities when our secretary of state for education is someone who has publicly stated that religious knowledge should be compulsory for all secondary school students? The word "economics" never passed his lips, probably because it never even crossed his mind.

Unfortunately, the people with the power to update and improve our education system are still stuck in the 19th century. This is also demonstrated in the thinking behind the vocational courses being proposed by Sir Ron Dearing, the UK government's chief adviser on the curriculum and tests. According to your article "Business offered role in schools" (March 21), "the aim is to encourage children who are less interested in academic subjects to gain skills and stay in full-time education".

In fact, if these courses are well thought out, they will attract a lot of interest from a broad range of students and not just those who are "less interested in academic subjects".

Most young people want to learn the skills they need to be employable. These courses should at least provide some direction for them. At the moment they are groping in the dark.

Mrs S Copperwaite,
director,
Merrill Lynch International,
Ropemaker Place,
25 Ropemaker Street,
London EC2Y 9LY

Framework for London

From Mr J Lett.

Sir, It serves neither the London boroughs' nor businesses' purpose to have central London planned on the basis of a 35-year-old statistical convention, the Central Statistical Area, as your report, "London role as world city threatened" (March 17), appears to suggest. It also does the boroughs ill justice to claim that "there is no agreement between them on what constitutes the Central Activities Zone".

In the London Planning Advisory Committee's new *Strategic Planning Advice for London*, all 33 London boroughs have unanimously agreed a body of policies for the capital as a whole. This includes a much more sophisticated and sensitive structure for central London than the old Central Statistical Area. It incorporates a Central Activities Zone and the Isle of Dogs Special Business Zone to accommodate the needs of metropolitan level activities, including offices. Where appropriate it also outlines the Wider Central Area to sustain the surrounding vital, but more vulnerable land uses which lend London so much character. In its Office Review Panel, it also proposes a forum for those involved in office development to ensure office supply and demand do not again get so badly out of kilter.

The boroughs strongly advise government to support these proposals in its Strategic Planning Guidance for London. The capital must have the strategic planning framework it needs to enhance its role as a world city.

John Lett,
assistant chief planner,
London Planning Advisory Committee,
Eastern House,
8-10 Eastern Road,
Romford RM1 3PN

Standards in insurance industry rising as result of self-regulation

From Mr C F Jebens.

Sir, I am sure your readers would be pleased to know that the experiences related in Peter Marsh's article, "Short Lautro test that 'a monkey could pass'" (March 24), are virtually things of the past. This is just the sort of practice which Lautro has put enormous resources into stopping.

In April 1993 Lautro was the first "retail" self-regulating organisations to put into force a new and demanding training scheme, beating the others by nearly a year.

In June 1991 we had considerably tightened up recruiting procedures and the result today is that firms now have to take particular care to recruit only suitable sales staff and to train them thoroughly. One result of these measures is that the total number of sales people employed by the firms we regulate has dropped from 200,000 in 1990 to 105,000 today, and is still falling at a rate of about 2,500 per month.

The new training requirements demand a minimum of 6-8 weeks training for new recruits and require a recognised test of knowledge (Financial Planning Certificate Part 1) and a tough and objective assessment of the skills required to give sound financial advice by trained and assessed supervisors.

By April 1993 Lautro had vetted the plans of all firms intending to recruit sales people. Since then no salesperson should have been appointed without satisfactorily completing a Lautro-accredited training course, and all existing sales people were required to be assessed against the new standards by January 1994.

The penalties for failing to meet these requirements are that sales people trained or assessed under unsatisfactory schemes must be suspended from business until they have satisfactorily completed an accredited training course.

For nearly a year now Lautro has been carrying out detailed inspections of the schemes which its member firms have put in place following approval of their plans. So far we have completed 53 inspections. Of these, few escaped some minor criticism and changes necessary to comply with the high standards we have set.

Three firms have been required to retrain and reassess some sales people as a result of defects; and three firms have had their accreditation withdrawn and have been required to suspend all those trained under their schemes and to submit new proposals for an acceptable scheme.

Until satisfactory proposals have been put into effect these firms will be unable to appoint any more sales people, and until those trained and assessed under the defective scheme have been through a Lautro-approved process they will have been suspended too.

The assertions made about the standards in 1991 being those laid down by Lautro are totally misleading. As explained, our scheme became effective in 1993. The sort of experience recounted by Ms Hurley, Ms Trimmer, Mr Butler and Mr Evans was precisely that which led us to initiate work on a radical shake up in the industry's selection and training practices back in 1990 and it should not surprise your readers to know that not one of the Lautro regulated firms mentioned in the article has escaped our attention.

All of them have had to undertake expensive corrective measures to deal with sub-standard practices of one sort or another and one of them was recently publicly reprimanded and fined.

You and your readers will no doubt be comforted to know that there is rapid change under way and the experiences of employees and customers of the industry of even a year ago are probably anachronistic.

C F Jebens,
chief executive,
Lautro,
Centre Point,
103 New Oxford Street,
London WC1A 1QH

Threat that arises from complexity of new electricity meters

From Mr Bob Lilley.

Sir, David Lascelles' article on future electricity metering (Technology: "Counting the cost", March 18) perpetuates the popular misconception that new electricity meters bring benefits to the end customer.

That this is not so has already been demonstrated in the new 100kW market where, despite the installation of sophisticated electronic meters and communication channels, tariffs have been simplified. The mass of data generated by the new meters is ignored when charging the customer and is only required to calculate what the supplier should pay the generator.

To replace existing reliable meters with high technology complex devices, purely to satisfy the accounting systems of the wholesale market, cannot be the way forward for the smaller industrial and domestic customer. The additional cost will in fact kill the competitive market and effectively maintain the present monopoly situation cloaked in pseudo competition. Who would benefit from this? Possibly those arguing for the complex solution.

The proposals being suggested are equivalent to Kelloggs charging Sainsburys, not on the number of cases of cereal supplied to the warehouse, but on a count of the number of cornflakes consumed at the breakfast table.

Bob Lilley,
R A Lilley Associates,
management and engineering consultancy,
15 Glenavon Park,
Stoke Bishop,
Bristol BS9 1RS

FINANCIAL TIMES
Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700
Friday March 25 1994

Mexico after Mr Colosio

The shocking murder of Luis Donaldo Colosio, the man most likely to be Mexico's next president, heralds a period of deep uncertainty in a country still reeling from the peasant uprising in the southern state of Chiapas. Taken together, these two events show that Mexico's current economic and political transition – while necessary and inevitable – is causing strains which may hitherto have been underestimated, both within the country and elsewhere. They need not, however, signal protracted or deep-seated instability. Mexico will emerge formidably strengthened if its politicians learn how to manage the transition better.

The attempt by President Carlos Salinas to transform his country into an open, modern economy has had severe costs. Economic growth has ground to a halt – in part because too much Mexican industry was unable to compete in the international market; in part perhaps because the government has sacrificed growth to a single-minded fight against inflation.

The difficulties have been exacerbated, however, by Mr Salinas's ambivalent approach to political reform. The president underlined the power of his office by regularly sacking state governors in a supposedly federal system. The electoral system severely handicaps opposition parties, and Mr Salinas's moves to improve it have been piecemeal. His recipe of moving faster with economic than with political reform now looks questionable, since pressures for political change are breeding economic uncertainty and slowing growth and investment.

Rich potential

It is not clear that the president has fully come to terms with the transition he set in train. Mr Salinas was right to break with the past, but the weakening of its highly-centralised executive – an inevitable consequence of economic reform – has enhanced the need for a strong and legitimate institutional structure. The problem is that this is precisely what the country lacks.

There are exceptions. The newly-constituted central bank – autonomous except with respect to exchange rate policy – is a durable strength. The North American Free Trade Agreement also brings rich potential and some certainty about the future rules of the game. But the legal system and the judiciary remain arbitrary and inefficient, the police corrupt. Mexico's people are denied the rule of law, its businesses hindered by their inability to enforce contracts.

Recent events thus emphatically do not call for a reversal of Mexico's reform programme. Rather, a new government and a new presidential candidate should look for ways to advance it. In the meantime, some fiscal relaxation – to provide targeted help to ease social pressures – may well be justified, though the government will be aware that an excessively lax policy would prompt capital flight and an economic crisis.

Crisis avoidable

Even with Mexico's dependence on foreign capital to cover a current account deficit of over $20bn, a financial crisis is eminently avoidable. Some $29bn at last count, Mexico's reserves are high compared to its monetary base; the country also has financial and political support from the US.

Similarly, while a period of political uncertainty is inevitable, it need not run out of control. The probable replacements for Mr Colosio as presidential candidate of the Institutional Revolutionary Party (PRI) all represent continuity to some degree – though each has his drawbacks. Manuel Camacho, the Chiapas peacemaker, is unpopular within the ruling party after his unwillingness to rule himself out as a possible opponent to Colosio. Finance minister Pedro Aspe is harmed by his association with Mexico's current recession. Ernesto Zedillo, like Mr Salinas a former budget minister, is politically inexperienced. Whoever stands for the PRI, it is unlikely that the left-wing opposition led by Cuauhtémoc Cárdenas will benefit greatly from the uncertainty.

In spite of yesterday's tragedy, the PRI remains the clear favourite to win the August election. Mr Salinas's contribution to the modernisation of Mexico has been considerable. His final task as president is to ensure that progress towards a more pluralistic political system, which means ending the PRI's monopoly of power, is maintained.

The Pru plays hardball

Mr Mick Newmarch, group chief executive of Britain's Prudential Corporation, has never made any secret of his disagreements with Mr Andrew Large, the head of the Securities and Investments Board (SIB). Yet his decision to shun the new Personal Investment Authority (PIA) and to request direct regulation for the Prudential's sales and marketing activities by the SIB is a snub on a gigantic scale. It comes with the full backing of the Prudential's board.

It had been Mr Large's intention to run down the direct regulatory function of the SIB and to hand over the task to the PIA. He has also indicated clearly that an approach from the Pru or anyone else for direct regulation would not be welcome. Mr Newmarch's challenge is thus intentionally confrontational. It is also exceptionally blunt, since yesterday's press release from the Prudential concludes that "direct regulation by the SIB will give us an enhanced opportunity to influence our regulatory environment". In short, this is a hostile act of regulatory arbitrage, one of whose objects is to capture the regulator.

In one sense, it is all posturing. There is nothing to stop the SIB borrowing the PIA's rule book and delegating most of its regulatory functions to the subordinate body. Only the SIB's disciplinary procedures cannot be passed down. Nor, after such a public challenge, can Mr Large be expected to do other than ensure that the SIB is no regulatory pushover for the Pru. If he does give the task of monitoring Britain's biggest life company to the subordinate body, the SIB will still be legally obliged to operate a double check.

Majority support

That said, the PIA, whose genesis has been troubled from the outset, cannot operate without overwhelming majority support from the retail financial services industry. If others follow the Pru in preferring to exercise their statutory right to register with the SIB, Mr Large's plans for improved investor protection through a single retail watchdog will be scuppered. The wider question is whether the abrasive manner in which the Pru has put its case will damage its plea for a different, statutorily based approach to regulation.

If it does, it would be a pity, for the Pru has been on the side of common sense through much of the debate. It broke ranks with the Association of British Insurers by supporting the Office of Fair Trading's arguments for greater disclosure. And the theoretical case for statutory regulation, which the Pru claims to want, has arguably been strengthened by the carping that has accompanied the attempt to launch the PIA. There has to be a more effective way of resolving conflicts between the different industry interests.

Public confidence

Yet the regulatory debate cannot be divorced from its context. Public confidence in the life companies and banks has been severely shaken by the personal pensions fiasco. It is in both the public interest and the interest of the insurers that urgent action is taken to restore order to the industry's sales activities. This cannot wait for legislation, not least because ministers are clearly wary of the political pitfalls in taking on responsibility for monitoring those who are busy mis-selling endowment policies and personal pensions.

The short-term priorities must therefore be to make the best of the PIA and to ensure that the new disclosure regime which becomes compulsory next year provides information in a form that allows the consumer to make worthwhile choices. If the industry is forced to compete on the basis of price and quality, instead of the means of distribution, much of its act will be forcibly cleaned up as consumers penalise the inefficient producers.

In the longer run full statutory support for the system is probably desirable and may well be inescapable. The Prudential could play a more constructive role by articulating precisely what form it should take, instead of doing battle with the SIB. This might also have the merit of helping dispel widespread suspicions about its motivation in calling for a statutory approach. Clearly there can be no return to the ineffectual monitoring exercised by the Department of Trade and Industry of old. Let us hear the Pru's more detailed alternative.

Alice Rawsthorn on challenges facing Crédit Lyonnais after yesterday's rescue

A fillip for its fortunes

Most chairmen would adopt a sombre tone when announcing their company's worst-ever results. Yet Mr Jean Peyrelevade yesterday seemed remarkably cheerful when he announced that Crédit Lyonnais made a net loss of FFr6.9bn (£800m) in 1993, the biggest in its history.

The reason for his cheer was that, immediately after seeing the results, Mr Edmond Alphandéry, the French economy minister, signed a rescue package to recapitalise the bank and clean up its balance sheet.

The critical question for Crédit Lyonnais is whether the rescue, which includes a FFr4.9bn capital injection and the transfer for five years of FFr40bn of non-performing loans to a new company with the state guaranteeing FFr18.4bn, will be enough to stabilise the bank after years of uncertainty. The government is hoping that Mr Peyrelevade will bring the restructured Crédit Lyonnais back into the black, with the aim of eventual privatisation.

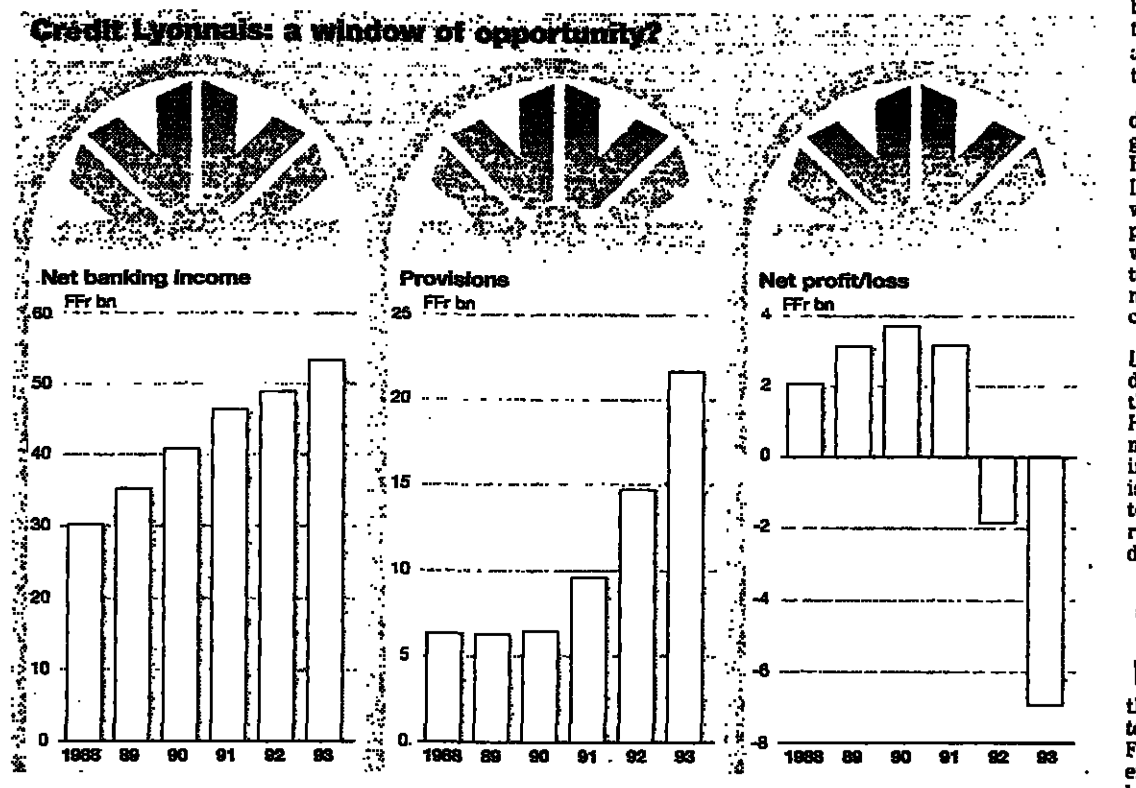
The crux of Crédit Lyonnais' problems is the aggressive lending and international expansion strategy of Mr Peyrelevade's predecessor, Mr Jean-Yves Haberer, who chaired the bank from 1988 until last autumn. The group acquired a network of European retail banks but was left heavily exposed to the economic recession.

Crédit Lyonnais has been forced to write off many of Mr Haberer's loans because of the steep increase in French business failures and the fall in property prices. Both these problems were aggravated by its exposure to a series of corporate setbacks: from Olympia & York, the Canadian property group that collapsed owing it $350m; to MGM, the ailing Hollywood film studio that it owns and into which into which it has ploughed about $1.5bn.

When Mr Peyrelevade, previously chairman of the Union des Assurances de Paris (UAP) insurance group, was brought in by the government last November, Crédit Lyonnais had just reported a net loss of FFr1.05bn for the first half of 1993 and its capital ratio had slipped close to the internationally-agreed minimum of 8 per cent. He realised the bank was in danger of breaching its capital ratio requirements and asked the government for support.

The government, afraid that Crédit Lyonnais might collapse, agreed, even though it was already under fire from the European Commission over a FFr2.5bn aid package for Bull, the computer company. It pressed ahead with the rescue despite complaints from other French banks about state support for a competitor.

Banking analysts appear satisfied that the details of yesterday's package – combined with the plan for another capital injection later this year and Mr Peyrelevade's decision to make hefty provisions of FFr21.7bn against the remaining bad debts in Crédit Lyonnais' balance sheet – will stabilise the bank's finances in the short term. "Peyrelevade has devoted his first few months to the financial rescue," says Mr Stéphane Arrouays, who follows the French banking sector at BZW Securities. "Now he's got to tackle its strategic problems."



These include rationalising the group's FFr55bn portfolio of industrial investments to enable management to concentrate on the core banking business. Mr Peyrelevade has drafted in Mr Dominique Bazy, his number two at UAP, to handle the disposals. Mr Bazy intends to sell FFr20bn of assets over the next two years and will orchestrate the sale of MGM.

Proceeds from these disposals will help repair Crédit Lyonnais' balance sheet and protect it in case it has to make substantial provisions in the future. Further writedowns on its commercial banking business are expected this year as the French economy is still fragile and the rate of business failures is high.

Observers are also concerned about the bank's exposure on old loans to Sasea, the collapsed Swiss holding company that is now the subject of an acrimonious court case, and to Mr Bernard Tapie, the controversial French politician embroiled in legal suits over fraud and bribery allegations.

Mr Peyrelevade unveiled a cost cutting plan involving a 10 per cent cut in the French workforce of 38,449

"If you'd asked me last year whether Crédit Lyonnais was going to take any more big hits, I'd have said 'no'," says Mr Sasha Serafimovski, banking analyst at Merrill Lynch, the securities house. "But it's disappointed us so often that now I'm not so sure. All we can hope is that, if the economy picks up, the cracks won't show."

The timing of the recovery will also determine the progress of Mr Peyrelevade's efforts, in the wake of yesterday's financial rescue, to improve the performance of Crédit Lyonnais' domestic banking network. A serious problem for France's banks during the recession has been the weakness of the credit market. The amount of credit advanced fell by 4.5 per cent last year, according to the French Banking Association.

"There's no prospect of a real recovery in credit demand or of provisions returning to normal levels until 1995," says Ms Sheila Garrard, who monitors the banking sector at securities house Lehman Brothers. "That means margins will remain under pressure – unless it cuts costs."

In theory Crédit Lyonnais has significant scope for cost-cutting. Operating costs absorbed 75 per cent of its net banking income in the first half of 1993: significantly higher than Banque Nationale de Paris's 68 per cent or Société Génér ale's 67 per cent.

Mr Peyrelevade yesterday unveiled a cost cutting plan which will involve reducing Crédit Lyonnais' 38,449-strong French workforce by 10 per cent over the next three years – although he may face opposition from the banking unions. Past attempts by French banks, including Credit Lyonnais, to make more modest cuts triggered a wave of strikes across the industry.

Mr Peyrelevade faces an equally difficult task in restructuring the group's European interests. Mr Haberer bought banks in Spain, Italy, the Benelux and Germany with the aim of building the first pan-European retail banking network to offer a cross-border service to corporate customers and a continental payment system for private clients.

The hitch is that, so far, Crédit Lyonnais' management has been so distracted by its financial problems that it has had no time to fulfil Mr Haberer's original ambition of moulding the acquisitions into an integrated network. Moreover, as it is the first bank to have attempted to create such a network, no one really knows whether the grand design will work.

Some observers argue that the European banking market is too fragmented for a cross-border network to operate efficiently and that Crédit Lyonnais would be better off pouring its resources into France, the one area where it has enough critical mass to be a market leader. Others believe that banking, like other industries, will become more international. Mr Arrouays of BZW is convinced that, if Mr Peyrelevade can transform the European acquisitions into an homogenous network, it could become "a real strength" over the long term as economic conditions improve.

But in the short term, like others, he is resigned to the prospect of another, albeit smaller, loss for Crédit Lyonnais in 1994, with a return to profit pencilled in for 1995. As soon as the group is in the black the French government is expected to activate its plans to sell it off to the private sector.

"Is Crédit Lyonnais sellable? of course it is," says Merrill Lynch's Mr Serafimovski. "It's a bigger bank than BNP [which was privatised last autumn] and it's riskier. But it's also more exciting. All Crédit Lyonnais needs is to give us some hard facts to prove that it will return to profit. It might even stop being the bank we all love to hate."

Action man reputation

David Buchan and **Lionel Barber** on a bank newcomer

Perhaps the most striking evidence of Mr Jean Peyrelevade's determination to give Crédit Lyonnais a fresh start is his decision to bring in Mr Pascal Lamy, who has been chief of staff to Mr Jacques Delors, the European Commission president, for the past nine years.

A cryptic communiqué, issued yesterday in Paris and Brussels, merely said Mr Lamy would "join the management" of the bank. But it seems likely that the 47-year-old Eurocrat may end up number two to Mr Peyrelevade, although Mr Lamy's precise relation to the bank's two general directors may be of less import. The Crédit Lyonnais president is said to want to run the bank more collegially and to get away from the monarchical style for which his predecessor, Mr Jean-Yves Haberer, and indeed many French bosses are often criticised.

Bringing a man with no commercial banking experience into an institution that self-evidently needs just that, may seem odd. Yet Mr Lamy is an old hand in multinational institutions, and Crédit Lyonnais – thanks indeed to Mr Haberer's over-ambitious expansion of recent years – has become one. The bank may not operate in all 12 European Union countries. But it has more than double the Commission's 15,000 staff, and is now the most trans-European of banks.

At all events, Mr Peyrelevade had no hesitation in starting to headhunt Mr Lamy last October, when he took over Crédit Lyonnais. The two men were socialist comrades-in-arms in the early 1980s. Mr Lamy moved in 1983 from being Mr Delors' chief aide in the finance ministry to succeed Mr Peyrelevade as deputy chief of staff to Prime Minister Pierre Mauroy.

As such, they were architects of the nationalisations that Prime Minister Edouard Balladur is now busy undoing. But, evolving outside the hot house of French socialist politicking, both now see themselves – and are evidently seen by Mr Balladur, who has the last word on top jobs in state-owned bodies like Crédit Lyonnais – as non-ideological managers.

Acknowledging his inexperience, Mr Lamy said yesterday: "I will have to take six to eight months to learn the banking business." Though he becomes a banker on May 1, his last Euro-job will be as Mr Delors' "sherpa", preparing for the Group of Seven summit in July, "because this is something I've done for 10 years". More to the point, however, he says he has steered, and will steer, well clear of any Commission consideration of yesterday's state aid plan for Crédit Lyonnais. "I won't be involved with this in Brussels, or in Paris, from near or from far."

If confirmation were needed that Mr Delors, whose mandate ends this December and whose successor will be named this June, has no more big Euro-projects in mind, Mr Lamy's departure is it. For if Mr Delors has been Europe's "ideas man", Mr Lamy has been its "action man" – not in routine running of the Brussels bureaucracy, but in getting all the special projects through: the treaty revisions of 1986 and 1992, the single market white paper, the Euro-dimension of Germany's reunification, monetary union, and most recently the Delors white paper on growth and jobs.

He freely owns up to his Brussels reputation as Mr Delors' "hatchet man" or "Exocet" [a French missile used to effect by Argentina against UK ships in 1982]. "But those who know me know this is not a trait of my character, but has been a consequence of my function," he says. The moody Mr Delors has never liked to take tough personnel decisions himself. From May 1, Mr Lamy will have a boss who is less squeamish than his old one.


Lamy: joining the management from Jacques Delors' staff

OBSERVER

Kopper's cop-out?

■ When the mighty Deutsche Bank first invited bank analysts for a debriefing after its results a couple of years ago, the Anglo-Saxon scribblers marked the event with a barrage of tricky questions. Their more biddable German colleagues merely proposed a vote of thanks.

Deutsche executives readily admit they do not fully comprehend what international investors expect of them in terms of information disclosure. Hence great excitement at the promise, months ago, that this year's briefing would be handled by Hilmar Kopper, Deutsche Bank's boss, and not an investor relations flunky. Might Kopper lift the veil just a little bit on those impenetrable accounts?

Imagine the let-down when faxes arrived explaining that "unforeseen circumstances" would prevent Kopper from turning up. "As far as I can ascertain, that consists of a board discussion and a credit meeting," scoffed one crest-fallen analyst. Clearly the Germans still think one buys Deutsche Bank shares because they are there.

Abandoning ship

■ Robin Young, head of the local government directorate in the Environment department, has made a miraculous escape from the shambles surrounding the reorganisation of local government in England.

He's been a keen supporter of the move towards smaller unitary authorities ever since he headed Michael Heseltine's 1991 rethink on local government. This spawned the Local Government Review which, under Sir John Banham, has threatened to abolish much-loved counties such as Somerset and North Yorkshire. Local business interests are up in arms while county and district councils are locked in a debilitating battle for survival. Tory backbenchers want the whole farrago called off.

Despite this, Young has been promoted to become Mr London, the capital's first regional director. What sort of organisation promotes the key manager in the middle of radical changes that have run into choppy water?

Spaghetti spiral

■ False alarm. Earlier speculation that Birmingham, the biggest authority in England, might make a bit of history by appointing a woman as chief executive was wide of the mark. At the end of the day it has done the orthodox thing. Michael Lyons, now chief executive of Nottinghamshire, will be its next chief executive.

He knows his way around already. One resting place on his path of upward mobility was none other than the Birmingham City Council. He was a Labour member, but before Labour won control in 1984. The background knowledge could help when the going gets tough, as it no doubt will.

'We learnt lots of Latin in sex class today'

Own goal

■ Brian Laudrup, the Danish national soccer star, probably had a wonderful future with Italian club, AC Milan.

Note the past tense; in his first season with the club, Laudrup seems more intent on scoring points against Milan's chairman and owner – Silvio Berlusconi, rising force of Forza Italia, the Italian political party aiming to attract middle-class voters in Sunday's election.

The Danish striker says Berlusconi wrongly mixes sport with politics: "In other countries the presidents of football clubs are elected. Here in Italy they are more or less dictators. They do exactly what they want and take decisions over the heads of their trainers and managers."

But let's not be too beastly to Berlusconi, aka *sua emittenza*, or his transmittance. Based on Laudrup's description, the media tycoon doesn't sound any worse than many chairmen of British premier league sides.

Counting on you

■ A paper at yesterday's British Accounting Association conference concluded – 36 pages of densely packed detail later – that experienced auditors are more adept at picking up errors and irregularities than new recruits. Wow.

Still hunting

■ Tut tut. Geography's obviously not the strong suit of the tweed set.

CGA Services, a Glasgow-registered company that owns Country, the magazine of the Country Gentlemen's Association, has caught its leg in its stirrup. Rural pursuits may be its strong point but figures obviously are not. Although its accounts for the year to April 1993 were due by the end of February, Companies House in Edinburgh is still waiting.

So what is CGA – on whose board sit, for some reason, Sunday Times editor Andrew Neil as well as his old Glasgow chum Gerald Malone, a deputy chairman of the Conservative Party – thinking of?

Malone's office had a ready explanation. The company's accountants apparently sent the figures to Companies House in Cardiff rather than its equivalent north of the border.

Tank battle

■ Heard the one about the fish which drowned?

It happened the other day at Grimsby's National Fishing Heritage Centre in Grimsby when a 75-year-old lobster, called Claws, fell out with the Codfather, the museum's prize cod.

Although the cod lost half its tail, the official autopsy showed that the cod turned up its fins because it had been drowned by Claws.

The council-owned fish tank, visited by over 160,000 people a year, intends to keep the Codfather's replacement in a separate tank from Claws in a bid to maintain a durable cod peace...

FINANCIAL TIMES

Friday March 25 1994

Brussels extension of deadline averts crisis

Europe's steelmakers win more time for cuts

By Gillian Tett in Brussels, Andrew Baxter in London and John Simkins in Milan

An end to the crisis in the European Union steel industry was in sight last night after the European Commission agreed to give private sector steelmakers more time to finalise cuts in capacity.

The agreement, between industry chiefs and Mr Martin Bangemann, industry commissioner, averts a collapse in relations between the Commission and unsubsidised EU steel producers.

These companies have been reluctant to offer capacity cuts, which are vital to the future of the industry, because they do not believe the Commission has taken a tough enough line on curbing subsidies to some producers, mainly in Germany, *Italy* and Spain.

The plan, agreed on Wednesday night, is expected to result in total cuts of about 19m tonnes of hot-rolled product capacity in the industry. Last month the industry indicated the maximum cuts it could offer would be 17m tonnes, compared *with cuts of* between 19m and 25m tonnes *demanded* by the Commission.

But offers of reductions in the Italian private sector, including the Bresciani steel mills, and proposed mergers would increase these cuts by several million tonnes, the Commission said.

In exchange, Mr Bangemann has backed down from a threat to halt an Ecu240m ($264m) aid package offered to the industry, to help with the restructuring and capacity cuts being demanded. Last month he threat*ened to block this aid, along with* monitoring of imports from eastern Europe, if the industry did not provide a viable restructuring plan before a meeting of the EU industry council on April 22.

The industry has now per*suaded the Commission to delay* a decision on the proposed aid package until November, to give the industry more time to develop a restructuring plan and allow the Italian government to introduce the legislation needed to carry out cuts.

At the same time, it was *unlikely that the German government* would be able to approve proposed mergers in the German industry before the autumn, the Commission said.

The Commission refused to specify the precise level of the proposed cuts in the different product sectors.

But "even if 70 per cent of the cuts occurred" this would result in a reduction of more than 19m tonnes, it said. Steelmakers had also offered to forego any further demands for state aid until November.

The new reductions on offer appear to be little more than a cosmetic juggling of previous commitments. Eurofer, the European steel confederation, insisted that the final figure for reductions was still likely to be "*slightly less than 19m tonnes*".

"We are no longer in a deadlock with the Commission," it said. "The figures are not that different, but the big difference is that it is accepted that the process cannot occur in a short time."

Hotline set up as EU fights 50% increase in fraud

By Lionel Barber in Brussels

Organised crime is to blame for a 50 per cent increase to Ecu394m ($433m) in reported fraud against the European *Union budget last* year, the Commission said yesterday.

Criminals were exploiting the dismantling of internal borders in the single European market to carry out ever more sophisticated fraud, *said Mr Peter Schmid*huber, budget commissioner.

The German commissioner responded yesterday with a fresh anti-fraud offensive, including a freephone service aimed at encouraging informers to tip off Brussels.

Most cases of fraud occurred in *the Ecu35bn a year Common* Agricultural Policy budget, which offers generous price supports, export subsidies and refunds to Europe's farmers.

In one typical instance, French and Italian criminals bought refined sugar in Rotterdam, claiming it was bound for Croatia *and Slovenia. But the cargo was* diverted secretly to Italy, via Belgium, Luxembourg and France, possibly for sweetening wine.

The estimated fraud was Ecu1.6m, the net effect of the effort to circumvent the mandatory compensatory levy for plac*ing sugar on the EU market.*

Mr Schmidhuber said it was impossible to calculate precisely how much money was being lost as a result of fraud because the Commission relied on cases being reported by member states. But he admitted: "The amount of fraud is obviously far higher than *we have detected.*"

The Commission's new fraud *action plan* includes more use of computers, remote sensing to track phantom olive groves and a plan for a freephone service in each EU country so that the public can report frauds to the Commission fraud taskforce.

"I know we won't only get serious calls. There is the risk of *crank calls and pranksters, but* we still think it is worthwhile taking that risk," he said. Mr Schmidhuber added the Commission was also examining whether to set up an informers' fund and a blacklist of companies and individuals caught engaging in fraud. But both were fraught with legal *difficulties.*

Britain looking to Bonn for way to resolve votes dispute

By Lionel Barber in Brussels and Philip Stephens in London

The UK is looking to Germany to forge a face-saving compromise in the dispute over voting rights which risks delaying the entry of four new countries into the European Union next year.

After Mr John Major dropped hints of flexibility in the UK *negotiating position yesterday*, senior British officials expressed hope *that* Germany might be able to coax EU partners into reciprocal movement at this weekend's meeting of European foreign ministers in Greece.

Germany has opposed British and Spanish demands to preserve voting rules allowing two large member states and one small *country to block decisions in the* Council of Ministers.

The UK, however, appears to be gambling that Chancellor Helmut Kohl's desire to bring Finland, Sweden, Austria and Norway into the EU by January 1 1995 may spur new flexibility.

*Even if the deadlock is not bro*ken in Greece, one well-placed UK official said it might be possible to reach a deal before Easter.

Mr Klaus Kinkel, German foreign minister, said after a meeting with Mr Alain Juppé, his French counterpart, that any deal on voting rights must not come at the price of weakened decision-making in an expanded *Union.*

Hopes of a compromise revolve around a trade-off in which the UK and Spain concede that the "blocking minority" must rise from 23 to 27 votes to take account of the four new members.

In return, Britain and Spain would win a *legally binding* protocol giving countries mustering between 23 and 27 votes an automatic right to delay decisions. The UK is holding out for a delay until the 1996 intergovernmental conference to review the Maastricht treaty. Mr Major's absolute "bottom line" was described by senior *Whitehall insiders as an agreement which in no way* eroded the ability of minorities to block contentious legislation on employment and social issues.

The difficulty is codifying such a compromise without arousing the opposition of the European Parliament, which must give its assent to the accession treaty.

*Legal experts in Brussels dis*missed the notion of putting a *legal ring-fence around social leg*islation, or creating a two-tier voting system to deal with such contentious issues.

Mr Major told the House of Commons that an agreement would be possible "within a matter of days" if other European governments had the *political will to reach a settle*ment.

David Gardner in Brussels adds: Mr Theodoros Pangalos, the Greek European affairs minister, who will be chairing this weekend's meeting in Greece, last night described the British stance as "the blackmail of a tiny *minority*".

THE LEX COLUMN

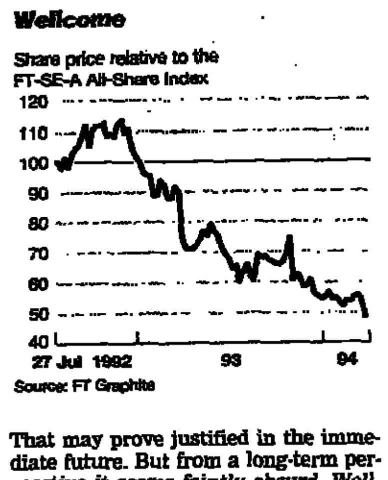
Allied's Latin adventure

It is odd that Allied-Lyons' shares should have fallen by 7 per cent if its deal with Domecq really is a strategic breakthrough. *A significant* part of the fall reflected disappointment with the 1993-94 profits estimate included in the rights issue document. It does not help that the issue was announced on a day when the market was fretting about the future course of interest rates. Nor was yesterday the best time to announce the purchase of a business which derives *half its profits from* Mexico. Still, the strategic benefit must also be qualified.

On the plus side, Allied appears to be paying a reasonable price for a purchase which sharpens its focus on drinks. The multiple of 15.2 times is *substantially below the that Guinness* paid for Moët Hennessy, and while the latter's brands are stronger, Allied is buying a controlling stake. The operational advantages may be limited, since Allied already distributes its products through the Domecq network. But it may now be easier to use Domecq as a springboard to develop *its regional* presence. Allied will also be able to consolidate an earnings stream from the fast-growing Latin American drinks market.

Less certain is the benefit in terms of cash. Allied has hitherto received only small dividends from its investment in Domecq. *Now it will have* control over Domecq's entire cash flow, but that will not necessarily help reduce group debt. Domecq's small dividends evidently reflected the reinvestment of cash in its business. After the deal Allied will still face the constraint of a 72 per cent gearing ratio. And it will have to wait before playing *the rights issue card again.*

FT-SE Index: 3121.7 (-33.6)



Source: FT Graphite

Wellcome

The 8 per cent drop in Wellcome's shares seems a particularly virulent response to a company which has had the good grace to raise its interim dividend 79 per cent. But Wellcome's results confirmed many of the market's worst fears about its earnings *prospects. Volume growth fell to 3.5* per cent. The 2.4 percentage point growth in margins to 32.9 per cent was striking but may quickly be reversed. The withdrawal of an anti-herpes compound fuelled further worries about Wellcome's drugs pipeline, while the looming expiry of Zovirax's patents causes great uncertainty.

By valuing it on 11 times *historic* earnings, the market clearly views Wellcome as a dud investment story. That may prove justified in the immediate future. But from a long-term perspective it seems faintly absurd. Wellcome boasts a solid balance sheet and strong *cash generation. It retains* impressive expertise in anti-viral medicines. Health is the most certain growth business in the world.

Given the low penetration levels of its main drugs and the substantial under-utilisation of its manufacturing capacity, Wellcome could yet grow *its* markets by driving volume and drop*ping price as theory would suggest.* The sums are hugely complicated by the regulatory restrictions affecting the marketing and distribution of drugs. Even so, Wellcome's experience reinforces the view that pharmaceuticals companies should rethink the basic economics of their business.

Sun Alliance

The practice of laying down reserves against future claims makes insurance companies' figures extremely difficult to judge. Releasing reserves against mortgage indemnity and subsidence claims yesterday helped Sun Alliance deliver full year results well above the *stock market's expectations. That is* not to belittle the underlying improvement in underwriting performance. Premium income in the UK actually fell last year as the company surrendered market share in the interest of profit.

But Sun Alliance cannot watch its UK business shrink indefinitely. The company needs to show it can compete with low-cost insurers such as Direct Line, *which are turning their* attention to household as well as motor insurance. True, 1m policyholders buy directly from Sun Alliance, mainly through newspaper advertisements. But it is doubtful whether that business has the technology or low enough costs to compete on price with telephone-based sellers. The 700 loss-making insurance broking offices operated under the Swinton banner *might help defend UK market* share. But since Swinton lost around 200,000 *customers last year*, time is running out.

Having underperformed the market by 30 per cent since last summer, though, the shares stand on a yield of 5.5 per cent and a multiple of only nine times this year's forecast earnings. *On all but the most pessimistic* view of the insurance cycle, Sun Alliance – in common with the rest of the sector – is starting to look cheap.

Dividends

It is hard to accuse BAT of being stuck in the mud. The company pioneered the controversial enhanced scrip dividend last year, and is leading the pack with the foreign income dividend now. Both have the express purpose of saving unrelieved advance corporation tax, but BAT may find that fewer others will copy its latest inno*vation. In part that is because the FID* regulations are onerous. Despite earning almost three-quarters of its income abroad, BAT only decided that it should issue a FID after extensive work. Other companies may not pay enough overseas tax on their earnings to qualify. Nor do FIDs have the same cash-flow advantages as enhanced scrips, *which were often used by com*panies with as much of a cash flow as a tax problem.

Institutional reaction may also be mixed. BAT has structured its FID so that tax-exempt funds do not suffer, but the main gain goes to tax paying shareholders. There may be some resentment of this, despite the fact that FIDs put *taxpaying and tax-ex*empt shareholders on an equivalent *footing*. Equally, however, taxpayers will have to accept that if the company does not pay a FID in future years, their payment may fall.

Unless companies are allowed to stream foreign income to taxpaying and UK income to tax-exempt shareholders, FIDs will have limited appeal. Permitting that would, however, make it *difficult for the Treasury to distin*guish between the sheep, who earn substantial sums abroad, and the goats, who pay excessive dividends from inadequate UK profits.

International share and bond prices badly hit

Continued from Page 1

Eurobond, a 10-year *dollar-de*nominated bond for Bancomext, fell from 90 to 86½, but rose from its intraday low of 84.

The fall in Latin American debt had a domino effect on US treasuries and European government *bonds, with UK govern*ment bonds suffering most. In the US prices fell across the maturity range.

*Mr George Magnus, chief inter*national economist at S.G. Warburg in London, said there were fears that international investors would have to lighten their holdings of US and European government bonds in order to offset *losses on their investments in* Latin American debt.

Long-dated gilts fell by more than 2 points yesterday and the *sheer pace of the fall prompted* the Bank of England to attempt to stabilise the market by offering to buy back cash gilts from marketmakers. However, the support operation only had a fleeting impact.

The bearish sentiment also weighed on the UK stock market, pushing the FT-SE 100 index down by 33.6 to 3,121.7 at the close.

On foreign exchange markets the D-Mark strengthened across the board, with sterling and the dollar both trading at four-month lows against the German currency. Yesterday evening the *dollar was trading at DM1.6650* against the D-Mark.

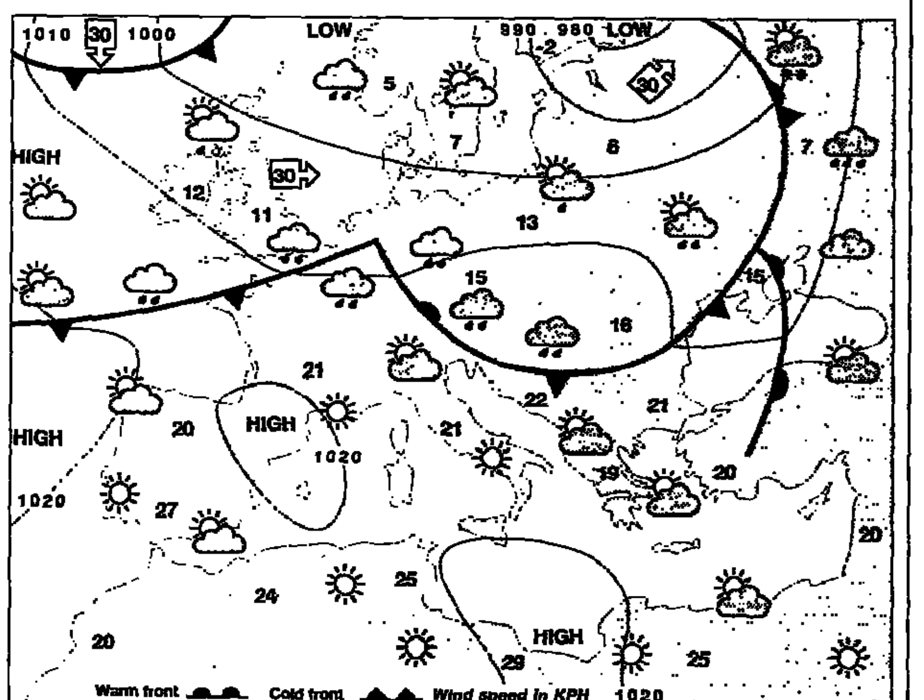
FT WEATHER GUIDE

Europe today

A zone of low pressure over south-east Finland *will bring snow showers and cloud* and rain to much of Russia and the northern Balkans. England, the Benelux and Germany will have cloud and rain. Southern Scandinavia and northern Poland will have broken cloud and scattered showers.
Scotland will have showers, and conditions will be wintry in the highlands. The Alps will have morning sunshine, but cloud will increase in the afternoon. Southern Europe will remain sunny and quite warm.

Five-day forecast

A zone of high pressure will flow from the Atlantic to the continent during the weekend.
Rain will die out and the sun will return, but central France and the Alps will be cloudy and rainy on Saturday.
Southern Europe will remain sunny, but *showers are* forecast next week for most of the UK, western France, Portugal and *parts of Spain. Sunday morning* will be generally frosty.



Situation at 12 GMT Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

Maximum Celsius

Abu Dhabi	fair	31
Accra	fair	31
Algiers	fair	25
Amsterdam	rain	10
Athens	fair	22
B. Aires	fair	23
B.ham	rain	11
Bangkok	fair	32
Barcelona	sun	21
Beijing	fair	12
Belfast	fair	10
Belgrade	fair	19
Berlin	cloudy	12
Bermuda	fair	22
Bogota	cloudy	19
Bombay	sun	34
Brussels	rain	13
Budapest	fair	17
C.hagen	shower	9
Cairo	sun	23
Cape Town	fair	25
Caracas	shower	25
Cardiff	rain	11
Chicago	fair	6
Cologne	rain	14
D' Salaam	fair	33
Dakar	sun	25
Dallas	fair	24
Delhi	sun	32
Dubai	fair	32
Dublin	shower	12
Dubrovnik	sun	20
Edinburgh	fair	10
Faro	sun	22
Frankfurt	rain	15
Geneva	fair	19
Gibraltar	sun	20
Glasgow	hail	10
Hamburg	cloudy	9
Helsinki	snow	-2
Hong Kong	cloudy	20
Honolulu	shower	26
Istanbul	fair	18
Jersey	rain	12
Karachi	sun	34
Kuwait	fair	29
L. Angeles	cloudy	15
Las Palmas	sun	23
Lima	cloudy	27
Lisbon	sun	25
London	rain	12
Lux.bourg	rain	13
Lyon	fair	20
Madeira	fair	21
Madrid	sun	25
Majorca	sun	23
Malta	sun	22
Manchester	cloudy	11
Manila	cloudy	32
Melbourne	fair	27
Mexico City	fair	26
Miami	fair	30
Milan	sun	23
Montreal	cloudy	4
Moscow	shower	8
Munich	fair	18
Nairobi	shower	17
Naples	sun	21
Nassau	fair	30
New York	fair	13
Nice	sun	19
Nicosia	fair	21
Oslo	shower	5
Paris	shower	17
Perth	fair	24
Prague	rain	15
Rangoon	fair	33
Reykjavik	fair	2
Rio	fair	26
Riyadh	fair	28
Rome	sun	19
S. Frsco	cloudy	15
Seoul	cloudy	1
Singapore	cloudy	30
Stockholm	fair	1
Strasbourg	shower	19
Sydney	fair	23
Tangier	fair	22
Tel Aviv	fair	21
Tokyo	shower	10
Toronto	sun	5
Tunis	sun	25
Vancouver	sun	12
Venice	sun	19
Vienna	fair	18
Warsaw	fair	12
Washington	sun	18
Wellington	fair	15
Winnipeg	sun	3
Zurich	fair	17

FINANCIAL TIMES
COMPANIES & MARKETS
Friday March 25 1994

IN BRIEF

Nestlé stronger than expected

Nestlé, the world's largest foods and mineral waters group, has reported a stronger-than-expected 7 per cent rise in 1993 net income. It has also damped recent speculation that the arrangements between it and L'Oréal, the French cosmetics group, would change soon. Page 20

Swedish builders return profit
Skanska and NCC, Sweden's top two construction and property groups, returned to profit in 1993 after severe losses. Page 20

Loral heads satellite move
Loral, the US defence electronics and aerospace group, has assembled a group of "strategic partners" and secondary investors to provide initial financing for a proposed $1.8bn satellite communications system, known as Globalstar. Page 22

Tougher going for US banks
US banks are preparing to cope without falling interest rates and steep US yield curve of the 1990s which created an ideal banking environment. Page 22

Digital improves in PCs
Hopes of recovery at Digital Equipment, the troubled US computer maker, were boosted recently by indications that the company is reversing its previously disastrous performance in the key personal computer (PC) sector. Page 21

FT-Actuaries World Indices changes
The FT-Actuaries World Indices Policy Committee has agreed quarterly changes to the constituent stocks of the Indices, to take effect on April 1, 1994. Page 23

Sun Alliance back into the black
Sun Alliance, one of the UK's largest insurers, returned to profit in 1993, after three consecutive years of losses. Page 25

Dollar helps Reckitt & Colman
A sharp rise in the dollar helped Reckitt & Colman, the UK consumer goods group, to increase pre-tax profits. The 17 per cent appreciation in the dollar against the pound, and other exchange rate moves, added around £16m to pre-tax profits. Page 25

United Newspapers ahead
United Newspapers, UK newspaper publishers, yesterday reported a 25.3 per cent rise in pre-tax profits with all divisions contributing despite difficult trading conditions. Page 27

Geest hit by disease
Political uncertainty over bananas, coupled with disease on its Costa Rican plantations, pushed Geest into into the red for the year ended January 1. "Our problem is all about bananas," said Mr David Sugden, chief executive of the fresh produce and prepared food group. Page 26

Williams expands in US
Williams Holdings, the UK industrial conglomerate, yesterday announced its second US acquisition in three months with the $50m purchase of Forney International, a provider of burner management systems for power stations. Page 29

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)				**Falls**			
Rises				Accor	709	-	26
Asko	1079	+	39	Air Liquide	833	-	28
Colonia Konz	1270	+	40	BSN	870	-	20
Porsche	865	+	13	Docks France	720	-	34
Falls				LVMH	843	-	30
Altana Ind	620.5	-	12	Sagem	2712	-	126
Beiersdorf	880	-	19	**TOKYO (Yen)**			
Kali & Salz	143	-	7.5	**Rises**			
NEW YORK ($)				Fuji Spinning	584	+	34
Falls				Isetan	1760	+	80
Caterpillar	116⅞	-	4⅛	Janome Sewing	404	+	44
Chrysler	55⅝	-	2⅛	Nagasakiya	789	+	44
Du Pont	56½	-	1¼	Suzuki Motor	1320	+	80
Ford	60¼	-	2⅞	**Falls**			
Gen Motors	58	-	2⅜	Yamaha Motor	900	-	30
Int Paper	69⅛	-	1¼				
PARIS (FFr)							

New York prices at 12.30pm.

LONDON (Pence)				Abbeycrest	109	-	6
Rises				Allied-Lyons	561	-	44
Amlnex	84	+	4	Automated Sec	104	-	8
Ayrshire Metal	95	+	17	Hall Eng	280	-	13
BNB Resources	163	+	21	Hepworth	418	-	35
Booker	429	+	18	Laing (J) A	350	-	16
Caldwell	57	+	5	Mowlem (J)	112	-	40
Glenchewton	46	+	3	Phonelink	395	-	42
Jacobs (J)	52	+	4	Vega	208	-	17
P & O Dfd	695	+	27	Wellcome	550	-	51
Sun Alliance	326	+	12	Wilson (Conn)	190	-	8
Wolstenhm Rnk	695	+	37	Wimpey (G)	194	-	15
Falls							
AMEC	137	-	7				
APV	121½	-	7				

■ Results at Seat will decide if group will move out of the red ■ Piëch cautious

VW hopes to return to break-even

By Christopher Parkes in Wolfsburg

Ferdinand Piëch: VW was out-performing competitors and the market, but he remained cautious — AP

Volkswagen, Europe's leading volume carmaker, hopes to return to break-even this year after a first-quarter loss of around DM400m ($238m), compared with a DM1.25bn deficit in the same period of 1993.

Mr Ferdinand Piëch, chairman, advocated caution in the light of last year's "surprises", when his spring forecast of a break-even result became a crash into a DM1.94bn loss.

Results at Seat, the Spanish subsidiary whose near-collapse was blamed for the 1993 earnings slump, would be the deciding factor, he said. According to Mr José Ignacio López de Arriortúa, group production director, the aim was for Seat to turn the corner in mid-1995.

The VW brand was likely to improve its earnings. The Audi quality car division was budgeting to break even, as were the North American businesses.

However, Mr Piëch forecast heavy losses at Seat and deficits in Latin America. Skoda, the Czech subsidiary, would have a tough time to break even, he warned.

Hinting at a brighter medium-term future, the chairman said the group had in one year carried through 20 per cent of the cost-cutting measures so far identified. The remaining potential for economies was "the stuff of dreams".

Manufacturing costs in Germany had been reduced by DM1,000 a car, he claimed. Domestic factories had reached the point last year when they could break even working at 79 per cent of capacity, compared with 102 per cent in 1992.

The level would fall to 74 per cent in the current year, and be reduced progressively to 65 per cent, Mr Piëch said.

Further job cuts this year – mostly in Spain and Latin America – would cut the global workforce by 25,000 to some 226,000.

Group-wide productivity would be lifted by 25 per cent by the end of 1995, he said. Meanwhile, the introduction of the four-day week in six German factories making VW vehicles would reduce labour costs by DM1.6bm this year, according to Mr Peter Hartz, personnel director.

According to Mr Piëch, VW was out-performing its competitors and the market, helped by price-cuts. European orders for VW models had risen 11.8 per cent in the first quarter, and German demand was up 54 per cent. Audi orders were down 14 per cent. Total group deliveries to customers were up 4.7 per cent at 838,000 vehicles.

According to a breakdown of last year's results, published yesterday, the VW AG parent company earned a net DM71m – just enough to cover a DM2 dividend. Seat lost DM1.84bn, while the North American businesses lost more than DM460m.

Skoda results, affected by new company legislation, showed a loss after tax of DM247m against net earnings of DM233m in 1992.

Costs of executive pay, Page 20

South Africa prepares for bond market entry

By Matthew Curtin in Johannesburg and Antonia Sharpe in London

South Africa has interviewed a number of international banks with a view to appointing an adviser to help the new government's entry into the international bond market.

Mr Etienne Calitz, director-general of the department of finance, said yesterday that the multi-party Transitional Executive Council (TEC), which is in charge of government policy in the period leading up to next month's elections, had compiled a shortlist of candidates. He declined to name the banks involved.

However, they are thought to include First Boston, Goldman Sachs, Lehman Brothers, Merrill Lynch, JP Morgan and Salomon Brothers.

The first task of the successful applicant will be to guide the new government through the delicate process of obtaining a credit rating from the two leading international rating agencies, Moody's and Standard & Poor's.

South Africa is thought to be keen to obtain an investment grade rating as this would facilitate its access to the international bond market and to the Yankee market, the US domestic bond market for foreign borrowers. In addition, an investment grade rating would reduce South Africa's funding costs and allow a broader range of investors to buy its bonds.

The adviser will be selected by the technical committee of the TEC's finance sub-council which has been given the responsibility of drawing up a foreign loan finance strategy for the new government. Mr Tito Mboweni, the African National Congress's (ANC) representative on the sub-council, said that the technical committee was in the early stages of its work.

The first foreign debt issue of a new government will be an important test of international confidence in South Africa's new administration and the ANC's economic policy in particular, given the organisation's likely victory in the April elections.

The government has launched two international bond issues since 1990 and the lifting of economic sanctions, raising Ecu250m in January 1992. The government did not raise any new foreign loans between 1985 and 1991 although South Africa's isolation from foreign debt capital between 1985 and 1987 came to an end in the late 1980s.

Wellcome reports slowing sales growth

Drugs group to drop development of herpes treatment

By David Wighton in London

Shares in Wellcome tumbled 8 per cent yesterday after the drug company reported slower than expected first-half sales growth and revealed that it was dropping the development of an important new anti-herpes compound.

The company also plans to cut its UK staff of 5,400 by around 350 over the next 12 months. Similar cuts in the US workforce of 4,000 are thought likely.

Interim pre-tax profits, which rose 10 per cent to £358.1m, ($523m) were above market expectations, but the shares fell 52p to a three-year low of 549p.

Sales rose 5 per cent to £1.08bn, against analysts' forecasts of around 8 per cent, with volume growth of only 3.5 per cent. Operating margins rose from 30.5 per cent to 32.9 per cent.

Mr John Robb, chairman and chief executive, admitted that the dropping of the new herpes drug, netivudine, was a disappointment but was surprised at the market's reaction to the sales figures. "Given the three factors which depressed our sales, two of which will be non-recurring, the growth was respectable."

The biggest impact on sales was caused by preliminary conclusions of a study which cast doubt on the efficacy of Wellcome's Aids drug Retrovir in treating patients who have yet to develop the symptoms. Retrovir sales fell 16 per cent to £110m in the six months to February.

However, sales of Zovirax, the herpes treatment, rose from £369m to £418m.

Zovirax faces competition from SmithKline's Famvir which has recently been introduced into the UK. Mr Robb said it was too early to assess the impact of a generic version launched in Germany, the first large market where Zovirax's patent has expired.

Earnings per share excluding exceptional items rose 11 per cent to 25.7p but the interim dividend jumped from 4.8p to 8.6p.

Mr Robb said that this stemmed partly from a decision to reduce dividend cover, which has been higher than the sector average, and to compensate shareholders for the plan to change its financial year-end to December.

A second interim dividend of 5.8p will be paid in October and a final in May/June 1995.

Lex, Page 18

BAT moves to pass tax savings on to shareholders

By Maggie Urry and Norma Cohen in London

BAT Industries yesterday became the first company to say it would definitely use the foreign income dividend (FID) scheme introduced in last year's two budgets.

The move will put pressure on other companies to make similar moves. One finance director said he was glad to see another company move first, so that market reaction could be judged. BAT shares fell 5p to 454p, in line with the fall in the stock market.

BAT, which has worldwide interests ranging from tobacco to insurance, said it would lift its final dividend for 1993 by 25 per cent, from the 12.2p it announced earlier this month, to 15.25p, so that non-taxpaying shareholders would not be disadvantaged by the payment of a FID. It will delay paying the dividend from June until July as the scheme comes into effect on July 1.

The payment of a FID will save BAT around £90m ($131m) in advance corporation tax (ACT), which will be passed to shareholders through the payout.

The FID scheme was introduced to help companies with a structural surplus ACT problem. Companies such as BAT, which earns around 70 per cent of its profits outside the UK, suffer under the UK tax regime when their mainstream corporation tax liability is insufficient to offset their ACT liability on dividends.

Under the scheme, first proposed in the March budget and detailed in the November budget, companies can opt to pay a dividend out of foreign income, which they must remit to the UK, and in effect avoid paying ACT on the dividend.

The idea has met some opposition. Companies say the scheme is complex, and the requirement to remit foreign income could make them liable for withholding tax in other territories.

Non-taxpaying shareholders, such as pension funds, have also expressed concern about FIDs as they can reclaim ACT paid on ordinary dividends. As ACT would not be payable on FIDs non-taxpayers could not reclaim it, and their total income would be cut. BAT said the extra 25 per cent would compensate non-taxpayers, who hold about 40 per cent of its shares. Tax-paying investors would be better off under the FID scheme as they are deemed to have paid tax at 20 per cent on the dividend even though no ACT would have been paid.

Lex, Page 18

P&O shares rise on recovery

By Simon Davies in London

The share price of The Peninsular and Oriental Steam Navigation Company rose 27p to 695p yesterday, as the UK shipping, transport and property group revealed a recovery in earnings, and an optimistic outlook.

Pre-tax profit was £523.7m ($765), against £270.4m, boosted by £278.5m profits from investment sales.

Lord Sterling, chairman, said the businesses had performed well across the board since the start of the year. "For the first time, it may be that we will find ourselves firing on all cylinders at the same time."

Turnover rose 4 per cent to £5.75bn, but excluding discontinued operations, such as the sale of Sutcliffe Catering, the figure increased 12 per cent to £5.59bn. Operating profit after interest, but before a £15m provision, rose 25 per cent to £260.2m, outlining the improvement in underlying businesses.

Bovis Homes, the UK housebuilder, rebounded into a £8.2m profit, from a £26.6m loss, on higher sales. Bovis Construction Group also returned to profit. It has received the management contract for Expo '98 in Lisbon.

Investment properties contributed £104.9m (£90.9m), but the development business lost £17.6m from write-downs.

P&O announced a £15m provision for restructuring its ferries business before the Channel tunnel opening. However, the cruise and ferries operations saw profits rise 10 per cent to £168.5m.

The container division increased profits marginally, because of rising cargo volumes and stable costs, but bulk shipping continued to suffer from recession. The combined division fell slightly to £31.1m.

P&O Australia had a 20 per cent rise in profits to £30.4m, helping to push the contribution from Asia Pacific to 17 per cent of group sales.

Gearing has been cut from 84 per cent to 53 per cent, due to asset sales, and the company is close to its aim of covering interest costs – £125m (£130m) in 1993 – with investment property income. The dividend is maintained at 30.5p, with a final dividend of 6.5p. This was not quite covered by recurrent net profits, and analysts do not expect an increase in 1994. Earnings per share were 68.5p (32.3p).

Hutchison Whampoa more than doubles

By Louise Lucas in Hong Kong

Hutchison Whampoa, the Hong Kong conglomerate controlled by Mr Li Ka-shing, yesterday marked an end to its troubled start to the decade with the announcement of a 107 per cent surge in net profits to HK$6.3bn (US$546.4m) for 1993, up from HK$3.05bn.

The profits were achieved in the face of a HK$1.4bn provisions bill related to the write-off of the loss-making Rabbit CT2 telepoint business in the UK. This was offset by the $1.6bn profit made on the sale to News Corporation of its stake in Hutchvision, the programme supplier to Star TV. Both items were taken above the line.

Taken on a per share basis, earnings rose 86 per cent to HK$1.79, from 96 cents in 1992. Turnover improved a more modest 18 per cent to HK$24.7bn.

Earnings, which were broadly in line with market forecasts, were driven by increased rental income as the group built up its portfolio of investment properties in the colony's buoyant market. The group's container terminal investments, and a positive contribution from the 49 per cent owned Husky Oil, also helped lift profits.

Mr Li, chairman, said that the group's land bank in Hong Kong was now being depleted through re-development but progress was being made in the search for suitable property development projects in China. Joint ventures in infrastructure and retail projects, including power plants, have already been established.

Hongkong International Terminals (HIT), the container terminal operator, handled a record throughput of 3.49m TEUs (20ft equivalent units). In the latter part of the year, Hutchison increased its shareholding in HIT to 77.5 per cent.

Mr Alex Ho, head of research at Jardine Fleming, assessed that property development contributed around HK$1.8bn to net profits with in excess of a further HK$1bn coming from the container terminal operations.

On the retail and manufacturing side, losses incurred by Park'N Shop, the Taiwan supermarkets, were partially compensated for by improved profits at Watsons, the drugstores.

Directors are recommending a final dividend of 49 cents which, together with the interim of 19 cents, is a 24 per cent increase on last year's 55 cents.

Cheung Kong; Page 27

French bank defies trend to lift earnings by 10%

By Alice Rawsthorn in Paris

Crédit Commercial de France last year withstood the pressures on the French banking sector to lift net profits 10.2 per cent, to FFr1.08bn ($189m) from FFr978m in 1992. The gain came in spite of losses at the recently-acquired Banque de Savoie.

Mr Charles de Croisset, who last summer replaced Mr Michel Pébereau as chairman when he left to head Banque Nationale de Paris, said he expected the group to continue improving this year, and record its "11th consecutive year of profits growth".

The principal problem for CCF during 1993 was Banque de Savoie, the regional banking group in which it has raised its stake from 24 per cent to 96 per cent. The bank, which has been badly affected by the economic recession in its area of southern France, saw net losses deepen to FFr110m from FFr29.4m in 1992.

Mr de Croisset said he planned a capital increase to refinance Banque de Savoie. "It ought to help Banque de Savoie to find its feet again," he said.

In spite of Banque de Savoie's difficulties, CCF mustered a 12.7 per cent increase in net banking income, to FFr9.2bn last year from FFr8.2bn (restated).

CCF also lifted gross operating profits by 23.5 per cent, to FFr3.21bn from FFr2.6bn (restated), over the same period.

However, the group was also forced to raise net new provisions by 15.7 per cent, to FFr1.54bn from FFr1.33bn. Consequently, it trimmed the growth in net attributable earnings per share to 5 per cent, with an increase to FFr18.03 from FFr17.18.

The board has decided to increase the dividend to FFr4.30 from FFr4.

Net profits stabilise at L'Air Liquide

By Alice Rawsthorn

L'Air Liquide, the world's largest industrial gases group, saw net profits stabilise last year at FFr2.225bn ($370m) against FFr2.221bn in 1992.

Mr Edouard de Royère, chairman, said the static result had been achieved "despite the difficult economic situation".

He declined to comment on the group's prospects for the current year but noted the improvement in conditions in both the US and Europe.

L'Air Liquide mustered a 1.5 per cent increase in turnover to FFr30.37bn last year from FFr29.92bn in 1992.

The group, which last year implemented a wide-ranging internal reorganisation programme, maintained its level of investment during 1993, but managed to reduce gearing by two percentage points, to 18 per cent.

Partial float for Dutch group

By Ronald van de Krol in Amsterdam

Ballast Nedam, the Dutch construction group which was formerly owned by British Aerospace, is to be partially floated on the Amsterdam stock exchange in an offering scheduled to take place before the end of April.

A minimum of 2m cumulative preference shares are to be offered for sale by ING Group of the Netherlands, which bought Ballast Nedam for Fl 500m ($263m) in December as part of a consortium that also included Hochtief, the German construction group, and the Ballast Nedam pension fund. The price of the shares will be announced later.

The consortium had said earlier that a flotation in the spring was expected, but had given no details.

Ballast Nedam has a share capital of 10m shares, divided between 5.3m ordinary and 4.7m cumulative preference shares.

The company plans to apply for a listing for all of its preference shares, of which at least 2m will be offered by sale out of ING Group's stake of 49.99 per cent.

ING's banking subsidiary ING Bank will lead manage the issue.

Hochtief's stake will be unchanged at 48 per cent, as will the pension fund's 2.1 per cent holding.

Ballast Nedam was listed on the Amsterdam bourse before its takeover by BAe in 1987.

Thomson-CSF warns of loss

Thomson-CSF, the state-controlled French defence electronics company, yesterday warned that it would report a loss for 1993 because of its 21.6 per cent stake in Crédit Lyonnais, the troubled banking group, writes Alice Rawsthorn.

The company, which made net profits of FFr1.52bn ($250m) in 1992, said that it made a "very good" operating profit in 1993. However, it has been tipped into the red by its share of the FFr6.9bn net loss sustained last year by Crédit Lyonnais.

The bank has unveiled details of a rescue package, including a FFr1.2bn capital increase. Thomson-CSF will be expected to participate in the Crédit Lyonnais rescue. The capital for the package will be provided by the Thomson group, which is Thomson-CSF's parent company.

Thomson is considering financing the capital increase by selling up to 8.3 per cent of its 58.3 per cent holding in the defence electronics concern.

VW turmoil pushes up wages bill

By Christopher Parkes in Wolfsburg

Sackings and resignations among the Volkswagen leadership contributed to a sharp rise in the loss-making group's boardroom wages bill last year.

Payments to members of the management board rose by around 25 per cent, while remuneration and pensions for former directors more than doubled, according to the group's annual report, published yesterday.

Although there were only seven directors at the end of 1993, compared with nine a year earlier, total boardroom remuneration rose to DM12.9m ($7.7bn) from DM10.2m.

Mr Werner Schmidt, finance director, said he was not able to explain the increase.

However, a spokesman later attributed the difference to the overlap effects of incoming and outgoing directors, which had markedly increased the number of monthly salary payments last year.

He also noted that board members' pay had been cut 20 per cent this year, following the recent introduction of a four-day working week for the German workforce, accompanied by substantial pay cuts.

According to the report, the group's supervisory board appeared to have taken its pay cuts last year, when its total remuneration fell from more than DM1m to DM190,000. Mr Schmidt said the numbers were too small to concern him.

Golden handshakes for three departing main board directors are understood to have contributed to the jump, to DM16m, in payments to "retiring" members, which are covered from provisions for current pensions. These provisions also rose, from DM78m to DM107m.

Last year was marked by a bout of boardroom turmoil following the arrival in January of the new chairman, Mr Ferdinand Piëch and his hiring of the controversial Mr José Ignacio López de Arriortúa, General Motors' former global purchasing chief, in March.

At the time, the company repeatedly denied reports of an excessive salary for the newcomer, insisting he was to be paid at normal rates.

Nestlé surprises with 7% climb

By Ian Rodger in Vienna

Nestlé, the world's largest foods and mineral waters group, has reported a stronger-than-expected 7 per cent rise in 1993 net income, to SFr2.89bn ($2bn).

It has also dampened recent speculation that the arrangements between it and L'Oréal, the French cosmetics group, would change soon.

A 20-year contract, under which Nestlé and Ms Liliane Bettencourt, daughter of the L'Oréal founder, share ownership of the 51 per cent controlling stake in the cosmetics group, expires tomorrow.

Nestlé said yesterday the contract provided for the continuation of the right of first refusal for both sides. "I cannot see why anything should happen," the group said.

It said the gain in its trading profits last year was greatest in countries outside of Europe and the Americas, giving support to the recent view in investor circles that its commitment to developing countries is beginning to pay off.

Total trading profits were up 8.9 per cent, to SFr6.14bn, with those in North and South America advancing 5.9 per cent to SFr3.29bn. In Europe, they gained 9.6 per cent, to SFr2.59bn, and in the rest of the world they jumped 13 per cent to SFr1.27bn.

Total sales advanced 5.5 per cent to SFr 57.5bn, in spite of a 1 per cent decline in Europe to SFr26.37bn. Sales in North and South America were up 10.5 per cent, to SFr21.24bn, while those in the rest of the world increased 14.2 per cent to SFr9.89bn.

Nestlé said cashflow improved 6.3 per cent, to SFr4.97bn. This helped the group reduce its net debt at year-end to SFr8bn, compared with SFr9.9bn a year earlier, following the SFr2.2bn Source Perrier acquisition.

Net financing costs last year jumped 15.2 per cent to SFr885m.

The group accelerated its cost-cutting efforts, charging SFr611m to exceptional rationalisation costs, 51 per cent more than in 1992. That left pre-tax profits of SFr4.64bn, 4 per cent higher than in the previous year. The directors are proposing a 6.4 per cent rise in dividends, to SFr25 per share, on capital enlarged by last year's rights issue.

Skanska, NCC return to black

By Hugh Carnegy in Stockholm

Skanska and NCC, Sweden's top two construction and property groups, yesterday reported a return to profit in 1993 after severe losses in 1992.

However, both companies continued to be hit by the slump in the Swedish market, relying on lower write-downs and income from divestments to see them back into the black.

Revenues were down for both groups, reflecting another tough year – especially in Sweden, where the property and construction sectors have been hit hard by recession.

Mr Jan Sjöqvist, president of NCC, said property prices and rent levels were stabilising, although there were variations between geographical areas and market segments. Infrastructure investment was also regaining momentum.

However, he warned: "Investments in the construction sector will remain low in 1994 and 1995, but should begin to show growth again in 1996."

Skanska showed the biggest improvement in 1993, swinging to a profit after financial items of SKr1.1bn ($149m) from a loss in 1992 of SKr3.98bn. NCC reported a profit after financial items of SKr175m following a deficit in 1992 of SKr1.63bn.

Skanska increased its dividend to SKr3.25 per share from SKr1.50, but NCC suspended its dividend, as it did for 1992.

Total revenues at Skanska were down 9 per cent at SKr28.9bn, with the share of revenues taken outside Sweden rising from 14 to 23 per cent. Revenues from Swedish construction slumped to SKr14.8bn from SKr17.4bn. Property write-downs of SKr2bn were less than half the SKr4.3bn incurred in 1992.

NCC's total revenues slipped to SKr17.6bn from SKr20bn. But non-recurring income of SKr463m, against a loss of SKr324m in 1992, and write-down costs cut to SKr371m from SKr1.4bn, resulted in an operating profit of SKr961m after a loss in 1992 of SKr649m.

Sandoz posts 14% advance

By Ian Rodger

Sandoz, the Swiss pharmaceuticals and chemicals group, said its consolidated net income jumped 14 per cent last year to SFr1.7bn ($1.2bn), due to increases in drug sales volume, improved margins in its chemicals and environment sector and higher financial income.

This news, plus the proposal by directors to split the shares five-for-one and convert the participation certificates into registered shares, was well received in the markets. The registered shares gained SFr20 to SFr3,970 and the certificates put on SFr50 to SFr3,970.

Sandoz also announced that Mr Marc Moret, the chairman, would pass on the function of chief executive to Mr Rolf Schweizer, the vice-chairman. Sandoz said the move should not be read as a slight to Mr Daniel Wagnière, appointed chief operating officer a year ago. It was part of a plan to ensure a step-by-step succession process.

Group sales rose 5 per cent to SFr15.1bn and operating income was up 9 per cent to SFr2.2bn. Sandoz said its operating margin in the life sciences sector, comprising pharmaceuticals, nutrition products and seeds, advanced from 16.6 per cent to 16.7 per cent in spite of the unfavourable business climate. The directors proposed a 23 per cent rise in dividends.

Volvo sells 4.6% stake in Norwegian oil group

By Hugh Carnegy

Volvo of Sweden yesterday took another step to concentrate on its core motor industry operations when it announced the sale to unnamed international institutions of its 4.6 per cent shareholding in Norway's Saga Petroleum for NKr458m ($62m).

The sale, which brought Volvo a capital gain of SKr350m, follows the disposal last month of the company's 30 per cent voting stake in the investment group Custos for SKr1.74bn.

The Custos sale was the first divestment made by Volvo after it pulled out of a plan to merge its car and truck operations with state-owned Renault of France.

Since then, Volvo has made clear that it intends to concentrate on strengthening its car and truck divisions, where it will have to bear the heavy costs of new model development alone – at least until it establishes a new partnership with another motor group.

But so far Volvo has looked to peripheral holdings to divest and has given no indication that it intends to cut its commitment to its main non-core holdings in BCP, the consumer products group, and Pharmacia, the pharmaceuticals group.

John Mowlem launches £63m rights issue

By Andrew Taylor in London

John Mowlem, the UK contractor and construction equipment group which owns London City Airport, yesterday launched a £63.1m ($92m) rights issue after the company revealed it would breach loan covenants.

Mowlem, which last year made a pre-tax loss of £124.2m after provisions and property writedowns, also intends to sell its UK housebuilding business.

The group has previously raised £100m from disposals. It has already announced it wants to sell London City Airport.

INTERNATIONAL COMPANIES AND FINANCE

R H Macy in bid to exit from Chapter 11

By Frank McGurty in New York

R.H. Macy, the US department store group, has revealed details of a plan designed to lead it out of Chapter 11 bankruptcy protection by January.

The package, agreed by Macy's board a day earlier and submitted for review by Mr Cyrus Vance, the court-appointed mediator, is a compromise between secured and unsecured creditors, who clashed over the terms of the proposal.

However, the future of the New York-based retailer remains uncertain. Federated Department Stores, a long-time rival of Macy's and one of its biggest secured creditors, has proposed a merger between the two groups.

Fidelity Investments, which holds $490m in Macy's debt, suggested that it was dissatisfied with the proposed reorganisation plan, which may lead it to abandon its support for Macy's independence.

Under the proposals, Macy's creditors would initially receive a total return of $3.6bn on their claims, including $2.1bn in cash and debt, and $1.5bn in equity in the reorganised company.

However, the plan also calls for an additional $500m to be distributed in July 1997 if the value of Macy's stock appreciates to at least $2.2bn, or by about 47 per cent, before that date.

The two-stage valuation was a concession by Macy chairman, Mr Myron Ullman, to a dissenting faction on its 11-member board. Mr Ullman, supported by two of Macy's biggest secured creditors, Fidelity Investments and GE Capital, had originally proposed a $3.5bn value on the company.

A second board group, led by Mr Laurence Tisch, chairman of Loews and CBS and one of Macy's biggest bond holders, had backed a plan which suggested a valuation of at least $3.8bn.

The higher valuation would provide a greater return on the claims of unsecured creditors, including public bondholders and trade suppliers.

Digital pins its recovery hopes on PCs

Success in personal computers is critical to the US group, reports Alan Cane

Hopes of recovery at Digital Equipment, the troubled US computer maker, were boosted recently by indications that the company is reversing its previously disastrous performance in the key personal computer (PC) sector.

Mr Enrico Pesatori, general manager of Digital Equipment's PC business unit, said that if the improvement were maintained, Digital could become one of the world's leading PC suppliers within two years.

It sold some 500,000 units in 1993, up from 200,000 the year before, with revenues of $1bn. At that level, he said, the unit was not profitable. "We lost quite a bit of money."

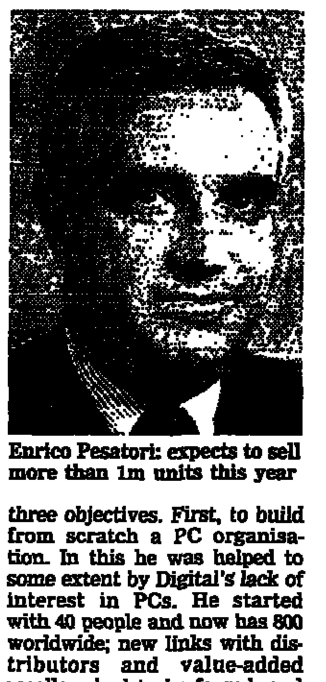
For 1994, however, he expects to sell more than 1m units, generating revenues of $2bn, and trading profitably.

To become one of the world's top seven PC vendors, however, it will have to sell between 2.5m and 3m PCs a year, worth $4bn to $5bn.

Success in PCs is critical to Digital, struggling back from two years of losses. It failed to appreciate the importance of the PC revolution in the 1980s, and lost ground to competitors. The PC is a key factor in networked or client-server computing, where Digital is betting its future; Compaq, for example, recorded PC revenues of $7.2bn last year.

Mr Pesatori sees no hope of overtaking the industry leaders – IBM, Compaq and Apple – but plans to be among the best of the second-tier companies, such as Hewlett Packard, Dell and Packard Bell of the US, and NEC and Toshiba of Japan.

Mr Pesatori was brought in to head Digital's worldwide PC operations a year ago. An industry veteran, he had 21 years with Olivetti of Italy before moving to Groupe Bull of France to revitalise its ailing Zenith PC arm.


Enrico Pesatori: expects to sell more than 1m units this year

At Digital his strategy has three objectives. First, to build from scratch a PC organisation. In this he was helped to some extent by Digital's lack of interest in PCs. He started with 40 people and now has 800 worldwide; new links with distributors and value-added resellers had to be forged, and new managers hired.

Mr Pesatori scoured the industry for talent, employing "slightly over-qualified people". Mr Bernard Auer, formerly with Compaq, was hired to run the European territory. Other top names included Harry Copperman from JWP Businessland, Carl Gustin from Apple, Winnie Briney from IBM and Ray Wedock from Epson.

Second, the product line had to be rationalised. Digital had been selling Olivetti PCs in Europe and Intel machines in the US; now, it is selling its own range of computers and network servers. Only about 20 per cent of machines sold in 1993 were not of Digital's design and manufacture.

It intends to move into the SoHo (small office/home office) market. "How and when we enter this market is something we are discussing now," Mr Pesatori says.

The link with Olivetti will not be abandoned, but converted to a design partnership whereby the two companies will develop computers with Digital's "look and feel".

The third part of the strategy is to build a company with the cost structure of a PC maker rather than a mainframe manufacturer. Digital as a whole spends more than 25 per cent of revenues on overhead costs, compared with a typical PC company's spend of only 13 per cent; Compaq, for example, spends 12 per cent of revenues on overheads.

Bringing down overheads involves pushing up product volumes (theoretically, if volumes double, overhead costs fall by four points).

One test of Digital's PC ambitions is the proportion of personal computers it can sell to customers who do not already use Digital equipment. In 1993, 20 per cent of its total PC sales went to new customers, but Mr Pesatori is confident the proportion will show a significant rise this year.

Westpac, AMP reshape link

By Nikki Tait in Sydney

Westpac, the large Australian banking group, and Australian Mutual Provident, which owns the Pearl and London Life groups in the UK, yesterday announced significant changes to their troubled 1991 "strategic alliance". These will in effect return certain distribution and fund management activities to the respective partners.

Under the new arrangements, the bank will take full control of Westpac Financial Consultants, formed as a joint venture between the two and which distributed retail life insurance and superannuation products designed by AMP through the Westpac network.

WFCL's sales force, which was largely drawn from Westpac ranks, will be "fully integrated" back into the Westpac network. The partners claimed this would "streamline operations and improve teamwork". The bank stressed it would continue to sell AMPAC products, and receive a distribution fee from AMPAC Life.

AMP will also resume management of the AMP Approved Deposit Fund. Under the original agreement, Westpac purchased Approved Deposit Fund business, but then provided products to be sold under the AMP name by AMP agents.

The new agreement removes the requirement that AMP hold 13-15 per cent of Westpac – although the insurance group said it had no "present intention" of reducing its stake. This stood at 13.93 per cent at end-November.

Mr Philip Twyman, AMP's chief operating officer, said the new arrangement meant that "AMP will wholly focus on the product and Westpac will wholly focus on the distribution channel".

J P Morgan head paid $6.6m in 1993

By Richard Waters in New York

Mr Dennis Weatherstone, chairman of J.P. Morgan, the US bank, was paid $6.6m last year, a rise of 45 per cent on 1992 and an echo of other big pay rises in the US financial sector announced recently.

Morgan said Mr Weatherstone's remuneration, in the form of $3.1m cash and $3.5m of restricted shares, reflected the bank's "very strong earnings" during 1993. The New York-based institution, one of the most profitable commercial banks in the US, made after-tax earnings of $1.73bn, up from $1.13bn the year before.

The British-born Mr Weatherstone, who has headed the bank since 1990, was paid a base salary of $700,000, with the rest of his income linked to performance.

Among other high-paid bank chairmen, Mr John Reed of Citicorp received $6.2m, while Mr Dan Tully, chairman of Merrill Lynch, received $9.6m, a rise of 30 per cent.

Veba slips 9% but increases dividend

By Michael Lindemann in Düsseldorf

Veba, the German energy conglomerate, saw profits slip by 9 per cent in 1993, but the dividend will nonetheless rise DM1 to DM13, Mr Ulrich Hartmann, chief executive, said yesterday.

Net profits fell to DM825m ($489m) from DM906m, while group turnover was marginally higher, up 1.4 per cent at DM66.3bn.

Preussenelektra, Veba's electricity arm and strongest performer, increased profits by 6 per cent to DM833m.

Mr Hartmann noted that Veba had spent DM500m buying stakes in six east German regional electricity suppliers, and looked forward to completing negotiations for a 26.25 per cent stake in VEAG, the east German electricity network.

However, turnover in the transport and trading division fell 2 per cent, slightly worse than at Hüls, the group's chemicals company, where sales dipped 1.1 per cent to DM10.1m.

A further 3,000 jobs will be shed in the chemicals sector, but Veba said it does not expect to see any profit until 1995.

A new company, Veba Telecom, will bring together the group's interests in corporate networks and the mobile phone and cable sectors, and continued investments in telecommunications would see the Düsseldorf-based group expand into a fifth division alongside its electricity, oil, chemicals and trading arms, Mr Hartmann said.

However, Mr Hartmann was non-committal on the timetable for Veba's listing on the New York Stock Exchange. The group is widely tipped to become the second German company to seek a listing, following Daimler-Benz last October. Feasibility studies on the listing have yet to be completed.

Loral heads $1.8bn satellite consortium

By Frank McGurty in New York

Loral, the US defence electronics and aerospace group, *said yesterday it had* assembled a group of "strategic partners" and secondary *investors which would provide* initial financing for a proposed $1.8bn satellite communications system, known as Globalstar.

The group, including leading telecommunications concerns, agreed to invest $275m to begin the construction and launch of 48 satellites to provide voice and data communi*cations services to customers* in at least 33 countries.

The announcement comes as high-technology companies seek to secure their positions in the market for wireless communications.

Globalstar is expected to *begin full operations in 1999*. Initially it would provide services in 83 countries. Later, local telecom *providers* are to be granted licences to extend Globalstar's reach.

Loral, which will design and build the satellites and control centre, projected a customer base of 2.7m and revenues of $1.6bn within three years. By *2012, subscribers are expected* to number 16m.

Globalstar would offer "substantially" lower rates than existing satellite-based systems, according to the lead contractor, and its cost to customers would be only a little higher than that offered by cellular providers.

Loral said the key to Globalstar's cost competitiveness was the advanced digital transmission technology, *developed* by Qualcomm, a California high-technology supplier. The system is *entirely compatible with existing* wireless communications systems, allowing it to route calls through cellular and fixed telephone networks.

Alcatel, the French communications systems supplier, will play a principal role in the system's development as a Globalstar partner.

Other leading investors include Dacom of Korea, Deutsche Aerospace of Germany, and Vodafone of the UK.

Shareholders keep Banesto guessing

By David White in Madrid

Rarely in Spain has a shareholders' meeting been so anxiously awaited as the one *being staged in Madrid tomor*row by Banco Español de Crédito (Banesto).

Three months after the Bank of Spain sacked the board and took the bank under its wing, *the extraordinary meeting is* being asked to approve a rescue plan designed to recapital*ise Banesto and* restore its balance sheet in readiness for handing over control in May.

Three other leading Spanish banks – Banco Bilbao Vizcaya, Banco Santander and the state-controlled Argentaria – are preparing to compete for the controlling stake in Banesto which, with 2,500 branches, has one of the biggest net*works in the country*.

The Bank of Spain wants to move quickly to avoid further damage to Banesto, one of the traditional pillars of the Spanish financial establishment.

However, any group among the bank's 300,000 shareholders with a 5 per cent interest *between them* is entitled to challenge the plan, which includes writing down the *nominal* value of current shareholdings by 43 per cent.

Even if such a challenge *were overruled, the legal pro*cess would take up to 45 days, threatening to hold up the res*cue scheme. Bank of Spain offi*cials say they would try to try to press ahead with the injection of new capital regardless.

A majority in favour of the scheme is assured, with sufficient votes delegated to the current Banesto board, including most of the 10 per cent held by Banesto employees.

Crucially, J. P. Morgan of the US, whose Corsair fund has the biggest single shareholding of 8 per cent, has finally consented to the plan. The main *figures on the dismissed board* are also understood to have agreed not to oppose the scheme. These include the controversial former chairman Mr Mario Conde, who owns about 3.8 per cent of the stock.

Mario Conde: owns about 3.8 per cent of Banesto stock

The new board may take up legal proceedings *against* Mr Conde and his former colleagues if asked to do so by shareholders *representing* at least 5 per cent of the capital.

Official intervention followed a Bank of Spain *inspection* which found Banesto had grossly overvalued its assets. An audit subsequently estimated this "hole" in the balance sheet to be 20 per cent bigger than *the Bank of* Spain's earlier reckoning, at Pta605bn ($4.3bn). This compared with capital and reserves of just under Pta360bn.

Spain's Deposit Guarantee *Fund, to which* private banks and the Bank of Spain contribute in equal proportions, is to *sink* Pta285bn into Banesto under the plan. It will also contribute Pta30bn in the form of a five-year interest-free loan to offset current losses.

The Deposit Guarantee Fund will also, in the first instance, subscribe to a Pta180bn capital increase, making up 73 per cent of Banesto's restructured capital.

Other banks will have four weeks to put bids together, either individually or in consortia, for this entire holding. Among the conditions is that the winner will then offer a 13 *per cent* slice at the new par value of Pta400 to existing shareholders, on the basis of *one share for two held*.

The bid process is intended to bring a profit for the Deposit *Guarantee* Fund, reducing its costs in the Banesto rescue. Mr José Luis Leal, chairman of the Spanish Private Banking Association said yesterday the rescue plan would cost the banks Pta44bn a year for the next four years, or between 7 and 8 per cent of *combined* pre-tax profit.

He added emphatically: "*There is no other problem* bank in Spain."

US banks move to protect their margins

Richard Waters reports on the industry's response to the climb in bond yields

US banks had seldom had it so good. The falling interest rates and steep *US yield* curve of the 1990s had created an ideal banking environment. How, *though, will they cope with* a reversal of these benign factors?

The question has bedevilled bank stocks since last October, when the rally in long-term Treasury bonds first hit a block and yields began to climb.

Now, with long-term bond yields a full percentage point *higher, and seven weeks after* the Federal Reserve first moved to push up short-term *rates, the banks have made* their most visible response.

Led by NorWest and Ban*cOne, a raft of money centre* and regional banks pushed up their prime lending rates by a *quarter of a percentage point* late on Wednesday and yesterday, to 6¼ per cent. It was the first general rise in prime rates - used as the basis for pricing mainly small business, credit card and some other consumer loans - since 1989.

By the banks' calculation, the move will help to protect lending margins, which remain at *historically high levels*. Bank net interest margins last year were around half a per*centage point higher than they* had been at the start of the decade - some 3.75 per cent at *money centre banks, and 4.5* per cent at the big regional banks.

Strong consumer loan demand has made it easier to raise rates. According to BancOne, the Ohio-based bank with one of the country's biggest regional groups, demand from consumers was up 20 per cent in the final months of *1993, compared* with a year before.

Although dented slightly by *the bad weather of January* and February, that demand continues strong, it says.

Even commercial lending is looking up, after three years of declines. Commercial loans are up 3 per cent, BancOne reports.

The fact that the prime rate rise was restricted to a quarter of a point, though, indicates lending margins will inevitably narrow as market interest rates rise.

The rise falls short of the half point increase which the Fed has engineered in market rates since the beginning of February.

As a result, the spread *between the Federal Funds* rate and banks' prime rate – a key determinant of lending *margins* – has fallen to 2¾ percentage points, from 3 percentage points.

But the prime move only one of several factors affecting bank margins. For a start, the interest rates charged on residential mortgages – the fastest-growing *lending category* for banks last year – are tied directly to bond yields, and *have ratchetted up in recent* months.

Competition for some types of asset, such as credit card loans, has also already forced margins down. Chase Manhattan, for instance, saw its average credit card loans fall slightly last year, to $5.9bn, as a result of "aggressive offers made by new entrants in an already competitive marketplace". Its response: to cut the average interest rate on its cards during the year to 16.66 per cent, from *17.48* per cent in 1992.

As interest rates rise, it will be difficult for credit card com*panies to increase their bor*rowing rates, putting pressure on what are still substantial lending margins.

While these factors suggest bank margins will fall, a secular shift in their business suggests they also have ways to mitigate the damage.

With big companies turning to the capital markets for finance, banks have lent more of their money to the smaller businesses and consumers who pay *higher interest rates*. Four years ago, some 47 per cent of Chase's lending in the US was *to consumers: by last year*, that proportion had risen to 65 per cent.

While banks wrestle with the question of how far to push up the pricing of their loans, bank treasurers face a different dilemma.

For the past three years, their treasury departments have boosted bank profits, partly by investing their floating rate money in the fixed-income markets. The opportunities have diminished: the spread between three-month and 10-year Treasury notes, at 355 basis points at the start of 1993, had fallen to 265 basis points by the start of this year. (Rattled by the Fed's February increase, it has since edged back up to 300 basis points.)

Bank treasurers have also used the swaps market to enhance their margins, agreeing to make floating rate payments in return for receiving fixed rate payments.

How far have swaps *boosted margins – and* to what extent will rising rates affect the position? *Given the lack of published* information about how banks use the swaps markets, those questions bemuse analysts and have added to the uncertainty surrounding bank margins, helping to destabilise stock prices.

Even serious attempts at keeping the markets informed seem destined to fail. Mr John McCoy, chairman of BancOne, whose big swaps book had long been an object of investor concern, made an unprecedented attempt to educate analysts and investors last year about how it used these derivative financial instruments. His reward: the bank's stock fell even further, *undermining* at least one all-stock takeover it had planned.

Cheung Kong profits surge 56%

By Louise Lucas in Hong Kong

Cheung Kong, the flagship of Mr Li Ka-shing's listed Hong Kong empire, yesterday surprised the market with a 56 per cent growth in net profits last year. Earnings came in at HK$9.8bn (US$1.3bn), compared with HK$6.3bn in 1992.

Cheung Kong derives some 85 per cent of net profits from property development – broadly Laguna City, South Horizons and Kingswood Villas – and its 43 per cent stake in Hutchison. Analysts say its performance was lifted by investments and share dealing, such as the sale of 100m Hopewell shares.

The pre-tax contribution from associated companies last year stood at HK$7.64bn, compared with HK$4.2bn the previous year. Turnover was flat at HK$10.7bn, compared with $10.3bn.

The cement operation, Green Island Cement, showed an increase over 1992, but conversely competition in the concrete and quarrying products market hit Anderson Asia.

Earnings per share rose 56 per cent to HK$4.45, up from HK$2.85 in 1992.

Mr Li, chairman, said the group had been actively expanding its land bank, and had already signed deals to purchase or jointly develop several projects with large land areas. "This will build a good foundation for the group's business developments after 1997," he said.

Further contracts have been secured with mainland companies in infrastructure, power, property and hotel businesses, and funds have already been directed into these projects. These mainland investments would likewise provide a stable source of income for the group in the future, Mr Li said.

The directors are proposing a final dividend of 76 cents a share, giving a total payout of HK$1 a share for the full year, an increase of 25 per cent over the 80 cents paid in 1992.

OOIL steams ahead to bolster balance sheet

Simon Holberton examines the shipping group's turnround as a full set of results is announced

The shipping crisis of the mid-1980s claimed two of the industry's biggest names in Asia: Sanko of Japan, and Orient Overseas Holdings of Hong Kong.

In Japan, Sanko was placed in receivership and was eventually dismembered. The collapse of the company ruined Mr Toshio Komoto, its founder and senior Liberal Democratic Party politician.

Today, the other casualty of the shipping crisis, now known as Orient Overseas International Limited (OOIL), reports its first set of full results since a series of corporate reorganisations which were occasioned by its near insolvency in 1985.

OOIL is expected to report much improved profitability on the US$8m it made in 1992. But the aspect of the company's operations which executives are keen to highlight is the strength of OOIL's balance sheet – at the end of 1993 it had US$480m in cash and investments – and the coherence of its business strategy for container shipping.

OOIL was a classic example of John Maynard Keynes's dictum that if you owe a bank £10,000 you had a problem but if you owe it £1m then it has the problem. At the time of crisis in 1985 OOIL's predecessor and the Tung family, its controlling shareholders, owed the banks nearly US$2.5bn.

To save the company Mr C. H. Tung, scion of the family fortune and OOIL's chairman, called in debts and wrote some IOUs. Hongkong and Shanghai Bank advanced the company HK$1bn in credit; the Chinese government advanced it US$100m, an enormous sum for a developing country and an indication of just how valuable an asset Beijing perceived the Tung family to be.

The price of reorganisation was high. The Tung family – much as Hong Kong entrepreneurs still do – had run their private interests and public obligations in tandem. In 1985 the interlocking structure that bankers encountered was extremely complicated. Only recently has the company reorganised itself in such a way that bankers and investors understand who owned what.

Today the overlap between OOIL and the Tung family – which owns more than 50 per cent of the company – is limited to sharing the same offices in Wan Chai and the use of a container terminal at the port of Kaoshiung in Taiwan.

On the issue of conflicts of interest, Mr Simon Brough, the company's chief financial officer, is firm. "There are no inter-company loans and nor would the board permit it," he says. "I'm not aware of what the private side does and nor am I interested."

His pride and joy is the state of OOIL's finances, about which he enthuses: "We have one the strongest balance sheets in the industry and one of the most liquid," he says. For a company which was nearly undone because of the state of its finances, this is clearly an achievement. Mr Brough says OOIL has a policy of maintaining at least US$200m in liquid assets.

C.H.Tung: the chairman called in debts and wrote some IOUs

But the health of the company's finances is just one aspect of the pitch OOIL wants to make to investors. It believes it has a good management story to tell as well.

At the beginning of the 1990s OOIL embraced the concept of total quality management and, according to Mr Tung, it has enabled OOIL to climb into the first division of container operators in the world.

"We are very quality conscious," says Mr Tung. "In our business if you make a mistake in documentation it reverberates around the world. So if you do things right the first time, you save a lot of money."

He speaks in the language of the modern manager. He talks of "critical success factors" in business, of being "customer focused", and of doing things "right the first time".

His embrace of western management technique has been well received among knowledgeable managers in Hong Kong.

According to one senior Hong Kong businessman who knows the company well: "C.H. runs OOIL in a modern democratic western style."

Says Mr Tung: "I try to emphasise the importance of team play. All sorts of nationalities work for us and work very well together. We consider ourselves a Hong Kong-based multinational."

People are one of the "critical success factors" Mr Tung likes to talk about. Another is "quality" in the delivery of the services OOIL provides. This has become particularly important as the company has sought to lift its game in the international cargo transportation business.

This has involved providing what Mr Stanley Shen, general manager of quality assurance, calls "third-party logistics support" to customers, such as support for just-in-time inventory control, better information and distribution.

In this context the company is particularly pleased with its American President Lines (APL) alliance. It has joined with APL to provide "shuttle" services across the Pacific. This has enabled the two to pool resources and target higher value cargoes.

To bolster its position in container cargo transport, OOIL earlier this month said it had placed a US$500m order for six container vessels, each with the capacity to carry 4,950 20ft containers.

The ships – to be delivered from the second half of next year until the first quarter of 1996 – will be funded 20 per cent from internal resources and 80 per cent by borrowings.

The new ships will replace older vessels in OOIL's 25-ship fleet, a fleet which currently has an average age of 13 years.

Mr Tung believes his company is on the verge of a new beginning. "It seems to be a business permanently incapable of doing well," he says. "But there are some shippers which make a 15 per cent return on shareholders' funds even in difficult years. It all comes down to how you organise yourself to do it. I think we can."

Jardine Strategic to delist in Hong Kong at year-end

By Simon Holberton in Hong Kong

Jardine Strategic, the holding company for many of the Jardine group assets in Hong Kong, yesterday followed Jardine Matheson and said it would cease the trading of its shares at the end of this year.

Jardine Strategic, which is 52 per cent owned by Jardine Matheson, holds controlling interests in Dairy Farm, Hongkong Land and Mandarin Oriental.

Mr Henry Keswick, chairman, said that with "change impending in Hong Kong", the company attached great importance to remaining subject "to a British-based system of securities regulation".

It believes it has achieved this by having the Bermudan government enact laws to bring the company and its subsidiaries under a statutory version of the London takeover code. Jardine does not believe that a level regulatory playing field will prevail in Hong Kong after China resumes sovereignty in 1997.

In spite of plans to cease share trading of the group's constituents, the Securities and Futures Commission (SFC) still claims jurisdiction over the company.

The Hong Kong takeovers code is broadly drafted and covers public companies, whether listed or not, which have a large proportion of its shareholders, assets, operations and management in Hong Kong.

Jardine has many shareholders in Hong Kong and it is one of the largest non-government employers in the colony. Moreover it derives more than half of its profits from Hong Kong and is operationally controlled from the colony.

The SFC's ultimate sanction in Hong Kong is to "cold shoulder" an individual or company. This means that no financial company would be allowed to act for the company; in addition, the full facilities of Hong Kong's market would be withdrawn.

The Jardine group was the object of furious criticism in Hong Kong yesterday for its decision on Wednesday to delist. The "Princely Hong" was described in the pro-Beijing media as having delivered an "irresponsible" blow to Hong Kong's status as a financial centre.

Many newspapers said that the company had received its come-uppance because the SFC had refused to give it special treatment. As one English-language newspaper noted: "The bottom line is that Jardines needs Hong Kong more than Hong Kong needs Jardines".

Jardine Matheson's share price fell by HK$1 to $HK48.25 and Hongkong Land's by $HK0.40 to $HK21.40. Overall, the Hang Seng index declined by 1.5 per cent to 9,320.

Court clears Pancontinental claim

By Nikki Tait in Sydney

Pancontinental Mining, the thwarted suitor for Australia's Aztec Mining, has been given leave to go ahead with a legal action against Poseidon Gold, which outbid Pancon and seized control of Aztec via a A$287m (US$203m) cash offer earlier this month.

A Sydney court has ruled that some elements of the Pancon claim have no foundation and should be struck out, but that other sections are legitimate.

The mining group has alleged conspiracy to injure and a breach of the corporations law. It is seeking punitive damages for PosGold and other parties, as a result of the way in which PosGold gained control of Aztec. This was achieved when the bidder upped its cash terms and, the following day, quickly snapped up more than half its target's shares. Alumax, the US company which held a critical 37 per cent interest in Aztec and is also named in the action, led the selling wave.

The mine, which contributed a loss of A$700,000 to Renison's results in the first half of 1993-94, has been earmarked for closure for some time.

FT-Actuaries World Indices

Changes to constituent stocks

The FT-Actuaries World Indices Policy Committee has agreed quarterly changes to the constituent stocks of the Indices, to take effect on April 1 1994.

1. A full review of the Italian market resulted in the following changes: Additions: Alleanza (savings shares); Editoriale l'Expresso; Marzotto; Tecnost.

Deletions: Banca Nazionale Agroindustriale (ord. & pref.); Banca Toscana; Cementir; Cofide; Danieli (ord. & sav.); Ferruzzi Finanz. (ord. & sav.); Italmobiliare; Milano di Assicurazioni (sav.); Pirelli & C.; Saffa.

2. A full review of the Malaysian market resulted in the following changes:

Additions: Advanced Synergy; AMMB Hdgs; Aokam Perdana; Berjaya Sports Toto; Commerce Asset Hdgs; Datuk Keramat; Dunlop Estates; Diversified Resources; Ekran; Golden Plus Hdgs; Gopeng; Idris Hydraulic; IJM Corp; Kamunting Corp; Kedah Cement Hdgs; Kemayan Oil Palms; Kim Hin Industry; Lien Hoe Corp.; Lingui Dev.; Malaysian Helicopter Services; Malaysian Oxygen; Malaysian Resources Corp; Malaysian Pacific Inds.; MBF Capital; Mulpha International; Pan Malaysian Inds; Pacific Chemical; Perusahaan Sadur Timur (Perstima); Pilecon Engineering; Proton; Selangor Coconuts; Ta Enterprise; Time Engineering.

Deletions: Antah Hdgs.; Malaysian Tobacco; Nylex (Malaysia); UMW Hdgs. Sector changes: Bandar Raya Devs. from Homebuilding to Real Estate; Land & General from Forestry Products to Real Estate; Malayan Utd. Inds. from Diversified Industrials to Financial Institutions; Perlis Plantations from Agriculture & Fishing to Food Processors; Petaling Garden from Diversified Holding Companies to Agriculture & Fishing and Renong from Diversified Holding Companies to Construction.

Changes to investible weightings: Rothmans of Pall Mall at 100 per cent (23.8); Telekom Malaysia at 25 per cent (23.9); Tenaga Nasional at 25 per cent (22.8).

3. A full review of the UK market resulted in the following changes:

Additions: Caradon; Eastern Electricity; Foreign & Colonial Investment Trust; Lloyds Abbey Life; Schroders (non vtg.); Scottish Hydro-Electric; Southern Electric; Standard Chartered.

Deletions: AMEC; Automated Security Hdgs.; Bardon; Brammer; Bullough; Daejan Hdgs.; First National Finance; FR Group; Gerrard & National Hdgs.; Henderson Administration Group; Ibstock Johnsen; LASMO; Ocean Group; Simon Engineering; Spring Ram; Temple Bar Investment Trust; Throgmorton Trust; Unitech.

Sector changes: BATS Inds. from Diversified Holding Companies to Tobacco Manufacturers; De la Rue from Publishing to Printing; Inchcape from Diversified Holding Companies to Wholesale-Durables; Rank Organisation from Diversified Industries to Entertainment & Leisure Time; Reuters Hdgs. from Broadcasting Media to Publishing and Smiths Inds.from Machinery-Industrial & Speciality to Aircraft Manufacturers.

4. A partial review of the Singapore market resulted in the following changes: Addition: Marco Polo Developments. Deletions: Hwa Hong; Intraco.

The FT-AWI Policy Committee has reviewed its policy on announcing changes to the rules and working practices of the World Index, with a view to ensuring that all users and readers of the FT should have equal access to information. In future, decisions regarding addition of new eligible constituents which are unrelated to existing index constituents, or investible weighting changes to existing constituents, will be announced in the FT at least four working days before they are implemented in the Indices which are published in the daily table.

● Preliminary lists of changes to the FT-AWI Large Cap and FT-AWI Medium-Small Cap Indices will be available from NatWest Securities Ltd and Goldman, Sachs & Co. on Monday March 28. Confirmed changes will be available from NatWest Securities Ltd and Goldman, Sachs & Co. on April 4.

US Treasuries fall sharply on Colosio assassination

By Frank McGurty in New York and Antonia Sharpe in London

US Treasury bonds fell steeply yesterday as a jittery market reacted to news of the assassination of the leading Mexican presidential candidate.

By midday, the benchmark 30-year government bond was down $\frac{25}{32}$ at 91¼, with the yield rising to 6.957 per cent.

At the short end, the two-year note was $\frac{1}{16}$ lower at 100$\frac{1}{32}$, to yield 5.092 per cent.

GOVERNMENT BONDS

The sharp downturn came in the wake of the turmoil which hit the Brady bond market following the shooting of Mr Luis Donaldo Colosio Murrieta at a campaign stop in Tijuana the previous evening. Dealers, already carrying heavy inventories of emerging market debt, were selling Treasury bonds as a hedge against further declines in Brady bonds.

It also became apparent that nervousness over the upward direction of interest rates had not subsided with the Federal Reserve's lifting of the Fed Funds target two days earlier. The market was already speculating over the timing of the central bank's next move, which depressed sentiment.

Early on, prices showed only minor weakness, but as the morning progressed, the losses mounted. Surging gold prices, the decision by some US commercial banks to increase their prime lending rate and a lack of follow-through buying after Wednesday's $11bn five-year note auction were among the contributing factors.

Amid the whirlwind of developments competing for the market's attention, the day's economic news passed with little notice. The Labor Department said that claims for unemployment benefit last week dipped by 5,000, against expectations of a 2,000 decline.

■ A sharp fall in US Treasuries at the opening and deteriorating expectations of a further cut in UK interest rates sent long-dated UK government bonds tumbling by more than two points yesterday afternoon. Fears that international investors would further lighten their holdings of European government bonds to offset losses on their investments in Latin American debt also contributed to the sell-off, analysts said.

Traders said the sheer pace of the fall prompted the Bank of England to try to stabilise prices by offering to buy back cash gilts from a number of gilt-edged market-makers. They said the Bank was seen intervening between the levels of 107¼ and 107$\frac{5}{16}$ on the June contract of the long gilt future on Liffe. The amount of the intervention was thought to be less than £50m. There was no comment from the Bank.

Some analysts said the gilts market appeared to have lost touch with its fundamentals but they feared that the market still had further to fall. "The market has been spooked. . . but the fall is not justified by the UK's inflation prospects," said Ms Ruth Lea, chief UK economist at Lehman Brothers.

Mr George Magnus, chief international economist at S.G. Warburg, agreed that Wednesday's inflation data did not warrant such a severe drop in prices. But he said there had been some significant selling of short-dated maturities which indicated that hopes of further rate cuts were fading fast.

"If the economic recovery is as solid as it appears to be . . . we are going to experience upward pressures on inflation in 1995," he said. He also noted that the December 1995 short sterling contract reflected market expectations of a base rate of 7 per cent by the end of 1995.

Mr Ifty Islam, fixed-income strategist at Merrill Lynch, said the fall in the June contract below 108$\frac{1}{32}$, the low for the year, unleashed a rush of stop-loss selling in the futures market. This in turn dragged down the cash market where the yields on short-dated paper rose by 17 basis points and by as much as 24 basis points on 10-year gilts.

By the late afternoon, the June contract traded at 106$\frac{27}{32}$, down 2¼ points, in active volume of 134,626 contracts.

■ German government bonds initially held firm, supported by better-than-expected M3 data for February. But by mid-afternoon, bunds succumbed to the uncertainty which was dragging down other markets. The June contract of bund future on Liffe stood 0.77 point lower at 95.47 in the late afternoon, below the day's high of 96.55.

Nevertheless, analysts said the M3 results, combined with the strength of the D-Mark, held out some promise for bunds since those factors should enable the Bundesbank to continue to ease monetary policy. The Bundesbank said February M3 rose 17.6 per cent, which was broadly in line with market expectations and well below Wednesday's rumours of 30 per cent.

■ Yesterday's 10 basis point cut in the Bank of France's intervention rate to 6 per cent was in line with market expectations and failed to protect French government bonds completely from the weakness in other markets. But they fell less than their European counterparts, with the June contract of the 10-year notional French government bond on the Matif giving up 0.42 point to 122.60 in the late afternoon.

Latin American issues tumble

By Conner Middelmann

Mexican bonds slumped following the assassination of Luis Donaldo Colosio, the country's leading presidential candidate. In early trade they fell by more than five points, though they later bounced off their lows in thin volume.

Other Latin American debt markets suffered in sympathy. Mexico is considered a benchmark in the LDC market, and weakness there often spills over into neighbouring markets.

However, losses in neighbouring markets were not as dramatic as in the Mexican market.

In general, the more liquid and volatile Brady bonds fell more sharply than Eurobonds, said Mr Denis Loubignac, a trader at Paribas Capital Markets in London.

Mexico's benchmark Brady bond, the 30-year par bond, fell by more than 5 points in hectic New York trading, hitting a low of 66½ before bouncing back to close at 69½, down from 73 on Wednesday. The Mexican benchmark Eurobond, a 10-year dollar-denominated bond for Bancomext, fell from 90 to 86¼, but rose from its intra-day low of 84, he said.

Argentina's benchmark par bond fell one point to 57½, while its global Eurobond due 2003 fell by about a point to 90½. Venezuela's par bond slipped by two points to 53¾.

Market participants now hope the ruling Institutional Revolutionary Party will quickly name a new presidential candidate to reduce political uncertainty and calm the markets.

Although the fundamentals of Latin American haven't changed dramatically, the events served as a reminder that "we are dealing with very volatile emerging markets: there are large risks and large returns," said Ms Ingrid Iversen, senior economist at Morgan Grenfell in London.

EIB DM1bn offering starts firmly in nervous trading

By Conner Middelmann

Eurobond dealers had another frustrating day, with only a handful of issues dribbling into the market amid volatile trading in European and US government bonds.

INTERNATIONAL BONDS

After the recent heavy flow of floating-rate notes, a handful of borrowers brave enough to issue fixed-rate bonds saw their efforts thwarted by a further tumble in underlying bond markets.

Amid current nervousness, traders expect issuer and investor-activity to remain thin ahead of the Easter break. "We're seeing zippo client flows of real consequence or depth in this environment," said a London syndicate manager.

The European Investment Bank issued DM1bn of 6.5 per cent 10-year bonds which started out on a strong footing, supported by early strength in the German government bond market.

"We launched it 10 minutes after the M3 [money supply] numbers – which were slightly better than expected – and placed a lot of paper quickly," said an official at lead manager Deutsche Bank.

However, when government bonds fell in the afternoon, the EIB bonds slipped in line with bunds.

Their spread over the benchmark 10-year Treuhand bond, however, tightened by one basis point to 14 basis points, the lead manager said.

"This shows the deal is in good shape," said a dealer at another house.

Meanwhile, Germany's triple-A rated reconstruction agency, Kreditanstalt für Wiederaufbau, issued L200bn of 8⅜ per cent five-year bonds via Deutsche Bank in London. Despite the Italian government bond market's turbulence, the lead manager reported a solid syndicate and investor response. The bonds closed at around 98.90 bid, just outside fees.

At the initial offer price of 98.95, where they yield 8.64 per cent, the bonds pay a juicy yield pick-up over comparable lira paper: Bayerische Landesbank's 7.5 per cent bonds due 1999 yield 8.42 per cent, while the EIB's 7.45 per cent bonds due 1999 yield 8.01 per cent, the Deutsche Bank official said.

In the Ecu market, General Electric Capital Corporation launched Ecu100m of 6⅛ per cent five-year bonds. The deal, jointly led by Crédit Commercial de France and Merrill Lynch, was targetted mainly at Swiss and Benelux retail investors.

● Standard & Poor's ratings agency affirmed its triple-A ratings on the long-term senior debt of France Telecom and British Telecommunications (BT). It also affirmed its A-1 ratings on both of these issuers' short-term debt.

However, it said the long-term rating outlooks for both are changed to negative from stable as momentum builds to foster competition in the European telecommunications market.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Comit Finance (Jersey)(a)‡	50	(b)	99.375	Mar.2004	undiscl.	-	Banca Commerciale Italiana
D-MARKS							
European Investment Bank	1bn	6.50	101.85	Apr.2004	1.75	-	Deutsche Bank
YEN							
Panasonic Finance Neths.(c)	10bn	(d)	100.00	Jul.1997	0.1875	-	IBJ International
ITALIAN LIRE							
KfW International Finance	200bn	8.375	100.80	Apr.1999	1.875	-	Deutsche Bank London
ECUS							
General Electric Capital Corp.	100	6.125	99.59R	Apr.1999	0.25R	-	CCF/Merrill Lynch Intl.

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ‡Floating rate note. R: fixed re-offer price; fees are shown at the re-offer level. a) Fungible with $100m launched 22/2/94. Plus accrued. b) 6-mth Libor -⅛%; min 5%. c) Callable on 25/7/96 at par. d) 3.15% until 25/7/96 and 3.9% thereafter.

EOE to launch Flex options

Amsterdam's European Options Exchange will launch a new series of puts and calls on Dutch state bonds today, designed to enable investors to tailor the options to their individual requirements, Reuter reports from Amsterdam.

The options – to be known as Flex for flexibility – will allow customers to choose the expiry date, exercise price and the exact underlying security the option may be delivered against.

The new options, to be traded via a specialised EOE floor broker, will be guaranteed by the clearing institution of the exchange, the EOE said.

Austrian group in global issue

Mayr Melnhof Karton, the Austrian packaging group, expects to raise Sch3bn when it issues equity next month as part of its initial flotation, Reuter reports from Vienna.

The group, Europe's number two cardboard packaging maker, is to offer 4m shares from April 19. One third of the proceeds is to be used to increase capacity, with the balance used for funding acquisitions, the company said.

Morgan Stanley International, which is placing the international tranche, expects turnover of Sch8.7bn this year. Pre-tax profits are expected to total Sch210m, rising to Sch436m next year.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.500	08/04	114.4500	+0.060	7.17	7.22	6.81
Belgium		7.250	04/04	99.0500	-0.580	7.38	7.09	6.95
Canada *		6.500	06/04	91.9500	-0.910	7.65	7.37	6.88
Denmark		7.000	12/04	100.3700	-0.700	6.94	6.63	6.55
France	BTAN	8.000	05/98	107.2900	+0.040	5.76	5.78	5.42
	OAT	5.500	04/04	92.1000	-1.050	6.60	6.28	6.16
Germany		6.000	09/03	97.9800	-	6.28	6.12	6.08
Italy		8.500	01/04	94.4900	-0.580	9.37†	9.14	8.73
Japan	No 119	4.800	06/99	105.6660	-0.100	3.62	3.52	3.21
	No 157	4.500	06/03	102.4050	+0.136	4.14	3.96	3.55
Netherlands		5.750	01/04	94.3800	-0.680	6.54	6.23	6.08
Spain		10.500	10/03	109.6500	-0.700	8.94	8.74	8.51
UK Gilts		6.000	08/99	95-12	-41/32	7.05	6.67	6.56
		6.750	11/04	93-14	-62/32	7.76	7.33	7.12
		9.000	10/08	110-05	-68/32	7.82	7.46	7.32
US Treasury *		5.875	02/04	94-26	-39/32	6.60	6.36	6.17
		6.250	08/23	90-29	-52/32	6.98	6.81	6.69
ECU (French Govt)		6.000	04/04	93.3500	-0.510	6.94	6.64	6.48

London closing. *New York mid-day. Yields: Local market standard.
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

4pm — Treasury Bills and Bond Yields

		One month	3.43	Two year	5.07
Prime rate	6	Two month	3.48	Three year	5.42
Broker loan rate	5	Three month	3.53	Five year	5.99
Fed.funds	3½	Six month	3.93	10-year	6.51
Fed.funds at intervention	-	One year	4.32	30-year	6.93

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	124.84	123.48	-1.12	124.50	123.32	15,826	38,442
Jun	123.58	123.02	-1.10	124.04	122.78	333,184	145,688
Sep	122.88	122.32	-1.08	123.24	122.40	1,222	12,399

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Apr	Calls Jun	Calls Sep	Puts Apr	Puts Jun	Puts Sep
123	-	1.50	1.70	0.76	1.70	-
124	0.23	1.04	1.30	1.35	2.15	-
125	0.06	0.75	-	2.21	2.63	3.50
126	0.02	0.43	0.70	-	2.34	4.20
127	0.01	0.25	0.48	-	4.13	-

Est. vol. total, Calls 34,936 Puts 47,434 . Previous day's open int., Calls 376,967 Puts 265,781.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.00	95.73	-0.51	96.55	95.38	228611	196237
Sep	95.44	95.46	-0.48	95.44	95.44	28	5295

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
9550	1.29	1.55	1.06	1.57
9600	1.03	1.32	1.30	1.84
9650	0.81	1.12	1.58	2.14

Est. vol. total, Calls 12036 Puts 22197. Previous day's open int., Calls 258773 Puts 223209

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	100.56	100.35	-0.20	100.61	100.52	23	2460

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	110.00	109.70	-0.60	110.38	109.15	53252	102542
Sep	-	108.30	-0.60	-	-	0	31

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
10950	2.50	3.25	2.30	3.45
11000	2.24	3.02	2.54	3.72
11050	2.00	2.80	2.80	4.00

Est. vol. total, Calls 3803 Puts 4011. Previous day's open int., Calls 70822 Puts 62494

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	99.90	99.68	-0.83	100.36	99.20	68,404	102,499
Sep	-	99.98	-	-	-	-	-

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	109-20	108-00	-2-00	109-29	108-30	51	10767
Jun	108-26	107-00	-2-02	108-30	106-17	135683	151721
Sep	-	106-04	-2-01	-	-	0	107

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
107	2-01	2-14	2-01	3-06
108	1-36	1-50	2-36	3-42
109	1-12	1-27	3-12	4-19

Est. vol. total, Calls 4207 Puts 10261. Previous day's open int., Calls 60226 Puts 65316

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	116.68	116.20	-0.88	116.90	116.40	903	4,903
Jun	90.12	89.62	-0.82	90.40	89.50	3,387	6,258

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	-	109-11	-	-	-	14,458	13,301
Jun	109-29	108-16	-0-27	109-01	108-11	288,886	370,968
Sep	108-03	107-20	-0-26	108-03	107-14	2,503	42,322

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	110.80	-	-	110.81	110.10	1555	0

* LIFFE contracts traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Mar 24	Day's change %	Wed Mar 23	Accrued interest	xd adj. ytd
1 Up to 5 years (23)	125.65	-0.53	126.31	2.06	2.38
2 5-15 years (24)	148.33	-1.36	150.38	1.68	3.75
3 Over 15 years (9)	166.56	-1.56	169.20	1.25	3.53
4 Irredeemables (6)	194.00	-1.83	197.61	3.11	1.47
5 All stocks (62)	145.01	-1.15	146.70	1.76	3.24
Index-linked					
6 Up to 5 years (2)	185.73	-0.40	186.47	-0.13	2.53
7 Over 5 years (11)	178.70	-0.78	180.11	0.65	1.29
8 All stocks (13)	178.55	-0.74	179.88	0.56	1.41
Debentures and Loans					
9 Debs & Loans (73)	135.81	-1.84	138.36	2.38	2.68

	Low coupon yield Mar 24	Mar 23	Yr. ago	Medium coupon yield Mar 24	Mar 23	Yr. ago	High coupon yield Mar 24	Mar 23	Yr. ago
5 yrs	7.02	6.76	6.72	7.25	6.99	6.97	7.33	7.13	7.16
15 yrs	7.68	7.48	7.84	7.77	7.59	8.26	8.06	7.88	8.49
20 yrs	7.77	7.59	8.11	7.77	7.60	8.46	7.98	7.86	8.59
Irred.†	7.82	7.67	8.51						

	Inflation 5% Mar 24	Mar 23	Yr. ago	Inflation 10% Mar 24	Mar 23	Yr. ago
Up to 5 yrs	2.97	2.82	2.31	2.02	1.86	1.41
Over 5 yrs	3.45	3.40	3.43	3.26	3.21	3.24

	5 year yield Mar 24	Mar 23	Yr. ago	15 year yield Mar 24	Mar 23	Yr. ago	25 year yield Mar 24	Mar 23	Yr. ago
Debs & Loans	8.75	8.40	8.58	8.87	8.62	9.37	8.89	8.69	9.58

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Mar 24	Mar 23	Mar 22	Mar 21	Mar 18	Yr ago	High*	Low*
Govt. Secs. (UK)	97.63	98.82	99.05	98.82	98.72	96.50	107.60	96.85
Fixed Interest	119.31	119.94	119.79	119.45	120.14	112.14	133.87	112.94

* for 1993/94. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94) , low 50.53 (3/1/75) . Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Mar 23	Mar 22	Mar 21	Mar 18	Mar 17
Gilt Edged bargains	96.8	97.5	91.5	96.7	89.6
5-day average	94.4	95.0	95.6	98.8	97.0

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on March 24

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
[illegible]					
United Kingdom 7¼ 97	5500	103¼	103⅞	-⅛	5.82
ABBEY NATL TREASURY 8 03 £	1000	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]					

SWISS FRANC STRAIGHTS; YEN STRAIGHTS; OTHER STRAIGHTS; FLOATING RATE NOTES; CONVERTIBLE BONDS; DEUTSCHE MARK STRAIGHTS [listings illegible]

UK GILTS PRICES

[illegible]

Other Fixed Interest [illegible]

£350m turnround achieved by emphasis on sound underwriting

Sun Alliance returns to black

By Alison Smith

Sun Alliance, one of the UK's largest insurers, returned to profit in 1993, after three consecutive years of losses, with £221.7m pre-tax, against losses of £129.6m.

The group said the turnround was achieved by an emphasis on sound underwriting and generating sufficient profits on the general insurance business to absorb continuing losses on its domestic mortgage indemnity business.

The year also saw a strengthening of the balance sheet, with shareholders funds rising by £465m to £2.01bn and solvency – net assets as a percentage of non-life premium income – returning to 64 per cent, compared with the 54 per cent of last year.

Earnings per share were 22.8p, against losses of 16.1p and the board is recommending a final dividend of 9.5p, for a total of 14.75p (14.25p). The shares closed the day 12p up at 326p.

Premium income from general insurance in Sun Alliance UK fell slightly to £996m (£1.01bn), but was accompanied by a return to underwriting profit of £3m against losses of £190m.

General insurance business in Sun Alliance International generated premium income of £859m, up from £825. Losses on underwriting were lower at £136m (£248m).

Though underwriting of the general business in Sun Alliance Overseas once again made a loss of £110m, premium income was up sharply, to £1.54bn (£1.3bn). The life side premium income rose to £394m (£260m).

This increase came partly from the acquisition of Hafnia in Denmark during the year.

On the life side Sun Alliance suffered a drop in its premium income in the UK to £740m (£1.04bn) as a result of a fall in its single premium business, although its annual premium income rose.

The group said that it had been prepared to sacrifice some market share rather than write business at a loss.

Mr Roger Taylor, who will be group chief executive from July, warned that the favourable recent period of mild weather would not last, and said that in many classes of insurance premium rates were too low for the risks being underwritten.

Sun Alliance is not making any special provision for potential compensation to be paid to any of its 18,000 clients who had transferred out of occupational pension schemes.

See Lex

Slough Estates advances 14%

By Vanessa Houlder, Property Correspondent

lough Estates, the UK's argest industrial property ompany, yesterday announced 14.2 per cent increase in pre-ax profits from £46.4m to £53m or 1993 and a rise in net assets er share from 265p to 269p.

The group posted a valuation urplus on its investment propty portfolio of £115.6m or 7.6 er cent. A 13.1 per cent surus on its UK properties was fset by a 6.8 per cent deficit verseas.

"For Slough, the immediate ood is cautious optimism," id Sir Nigel Mobbs, chairan. "The outlook for 1994 is uch improved as a result of ronger business confidence d the prospect of sustainable onomic recovery."

Rental values were likely to art their recovery later in the ar for good properties in ime locations, he added.

The company said it was reasing its development proamme, particularly on the ugh trading estates. Its curt construction programme ounts to 139,000 sq ft in the and Canada. By the year l, it expects to have another ,000 sq ft of new industrial l retail warehouse space in UK under construction.

Trevor Humphries

Sir Nigel Mobbs: the immediate mood is cautious optimism

Slough said it would place emphasis on development of its existing portfolio rather than acquisitions. Sir Nigel criticised the "extravagant" prices currently being asked by vendors.

Provisions against the carrying value of trading stock fell from £18.8m to £7.8m.

Operating profit of utilities fell to £2.8m (£4.1m), as a result of continuing commissioning problems.

Last March's rights issue raised £147m, which pushed year-end gearing down to 56 per cent (83 per cent). Cash balances stood at £69m.

Earnings per share was 7p, compared with a restated figure of 7.9p for 1992. An final dividend of 5p per share was recommended, which together with the 3.1p interim, represents an unchanged 8.1p on increased share capital.

● **COMMENT**

The value placed on Slough Estates' assets was above most analysts' expectations, giving a small fillip to the share price, which rose 2p to 255p. But enthusiasm was tempered by the lacklustre rise in earnings, which left its dividend barely covered. Analysts were also critical of the further provisions against trading stock, the high level of interest capitalised and the continued weakness of Slough's utilities business. Nor has the management been forgiven for past errors of strategy and timing. Nonetheless, a strong performance from the company's core portfolio encourages confidence in the quality of its assets and the decision to invest money in developing its own portfolio makes clear sense. Estimates for this year's pre-tax profits range around £65m; the continuing mediocre prospects for future revenue growth and the weak dividend cover are likely to restrict the scope for any dividend increase. But the shares look reasonably valued on the assumption that the net asset value increases to £3 per share this year, putting them on a discount to net assets of 15 per cent.

NEWS DIGEST

ra £0.83m loss and eeks £5.2m

Group, the specialist ailing and distribution up, yesterday announced a 2m cash call and a scrip e in lieu of preference divids, after reporting a £1m ersal into a pre-tax loss of ,6,000 for 1993.

Mr Anthony Fay, chairman, med the loss – which was er a £280,000 provision for organisation and closure sts – on a continuing k of consumer confidence, erosion of gross margins d increases in occupancy sts.

The 1-for-1 rights issue of 12m new ordinary shares is 9p per share. Convertible eference holders can particite on the same terms as ordiry holders, on the basis of o new ordinary for every ee preference shares.

In addition, the entitlements convertible preference holds to accrued and certain ture preference dividends, ounting to £1.05m, will be ncelled and replaced by the ue of 5.27m scrip shares th a value at the rights price £474,475.

Turnover in 1993 was marnally higher at £74.3m 73.3m). The group – whose tail operations include Beats, Tecno and Fox Talbot – l not open any new shops in 93.

Losses per share increased from 0.46 to 1.31p and again no dividend is being paid for the period.

Ayrshire Metal surges to £1.35m

Shares in Ayrshire Metal Products jumped 17p to 95p yesterday after the producer of cold rolled steel profiles maintained its first half progress with a surge in pre-tax profits from £209,000 to £1.35m in the year to end-December.

After a two year absence, the dividend has been restored with a final payment of 1.5p.

The company attributed the sharp recovery to the impact of cost reductions implemented over the past three years, together with small improvements in trading conditions.

Cost cutting had continued in areas where there had been no sign of improved trading conditions – this resulted in further redundancy costs of £133,000 being incurred.

Turnover on continuing operations grew from £28.4m to £32.8m in the year. Earnings per share came to 8.3p (2.1p).

Maunders rises on more normal trading

A return to more normal trading conditions enabled John Maunders Group, the Manchester-based housebuilder, to report pre-tax profits for the six months to December 31 more than doubled at £3.03m, against a restated £1.4m.

Mr John Maunders, chairman, said that the result had also been helped by management changes and the implementation of tighter cost controls.

Turnover rose to £33.5m (£23.9m) with completions rising to 489 units (363) at an average selling price of £68,500 (£65,900). Operating margins improved to 10.25 per cent, compared with 8.54 per cent in the second half of the previous year.

The pre-tax figure was struck after net interest charges of £406,000 (£834,000) and gearing at the period end was 34 per cent.

Earnings per share came out at 8.18p (3.79p) and the interim dividend is being raised to 2.45p (2.3p).

Bruntcliffe at £835,000

In its first set of preliminary results since obtaining a full listing in May 1993, Bruntcliffe Aggregates returned pre-tax profits of £835,000.

Turnover totalled £4.77m and basic earnings per share emerged at 2.2p. A single dividend of 0.5p is proposed.

All turnover and profits relate to continuing operations from acquisitions during the year.

With order books remaining buoyant the directors looked for a satisfactory year ahead.

They said acquisitions would be the primary engine for growth but that they would only consider opportunities that were cash generative, profitable and had strong market positions.

Bilston Enamels orders growing

Pre-tax losses at Bilston & Battersea Enamels, the USM-traded maker of hand painted enamel boxes, widened marginally from £222,000 to £233,000 for the year to end-December on turnover 14 per cent ahead at £4.58m.

Sales showed a 25 per cent increase in the second half, mostly in the UK. The directors said that sales and orders in the first quarter of 1994 indicate that this growth rate should continue.

The loss included a provision of £150,000 for the closure of the London operation. Losses per share emerged at was 3.5p (4.1p).

Enlarged TLS £209,000 in profit

TLS Range, the USM-traded vehicle rental group, continued to progress through the second half and for the full 1993 year swung from losses of £190,000 to profits of £209,000 pre-tax.

Turnover improved from £9.79m to £11.63m with acquisitions during the year lifting the hire fleet by 1,318 vehicles to 3,056.

Earnings per share worked through at 0.9p (losses 0.98p) and the recommended single dividend is being doubled to 0.5p.

Mr Peter Busby is joining the group as finance director effective from April 1. He was formerly with the Scapa Group.

McDonnell Info

Shares in McDonnell Information Systems, the computing services company which came to the market via a placing and a poorly subscribed public offer at 260p, dipped to 250p when trading in the shares began yesterday. They later recovered to close at 257p. Trading volume was 6.26m shares.

Slimline Baird improves to £19.6m

By David Blackwell

William Baird, the textile group, reported virtually static operating profits of £24.7m for the year to end December.

At the pre-tax level they rose from £14.2m to £19.6m, reflecting lower interest charges of £2.2m (£3.3m) and a smaller exceptional charge of £2.9m on the disposal of the group's Darchem Engineering businesses, compared with £7m of exceptionals in 1992.

Mr Donald Parr, chairman, described trading conditions during the year as erratic, with markets continuing to be extremely competitive. But he was confident that the group's strategy of focusing on the core clothing and textiles business would show increasing returns.

Turnover from the textiles businesses rose from £439.8m to £472.2m, including a contribution of £20m from Richard I Racke, a maker of women's wear and casual clothing acquired last August. Operating profits were flat at £21.1m, including £2.3m from acquisitions.

Operating profits from the engineering side of the group were £1.3m (£1m). The division's turnover fell from £101.7m to £50.4m, leaving total turnover at £522.6m, down from £541.5m. Last July the main Darchem Engineering businesses were sold to the Weir Group for £16m.

The acquisition of Racke, which turned Baird into the third largest supplier to Marks and Spencer, helped Baird's contract clothing division to lift turnover by 17.6 per cent to £230m. Like for like turnover grew by 7 per cent, and margins improved from 3.7 per cent to 4.1 per cent.

Mr Parr said the integration of Racke into Bairdwear Racke under a single management team was almost complete, with the consequent operating economies coming on stream.

The branded clothing division, which includes Windsmoor and Dannimac, increased turnover by just 1.9 per cent to £213m. Operating profits were down from £12.2m to £11.3m as margins were squeezed to 5.3 per cent (5.8 per cent).

Basic earnings per share rose from 8.4p to 10.9p. An unchanged final dividend of 5.35p is proposed, giving an unchanged total of 8.9p.

● **COMMENT**

The disposal of the engineering side has absorbed a lot of management time that could have been devoted to making the textile assets sweat. The virtual completion of the disposal programme and management changes in the textile divisions suggest that the company is ready to do just that – the question is how long will it take to turn round. Margins on textiles were around 4.5 per cent last year, well down on the company's past achievements. Profits this year are likely to be around £27m, giving a prospective multiple of around 15. The shares have been supported by the yield of 4.6 per cent, but otherwise look dull.

Stronger dollar helps Reckitt rise to £260m

By Maggie Urry

A sharp rise in the dollar helped Reckitt & Colman, the consumer goods group, to increase pre-tax profits from £165m to £260m on an FRS 4 basis. The 17 per cent appreciation in the dollar against the pound, and other exchange rate moves, added some £16m to £17m to pre-tax profits.

Excluding the £19m coupon on the group's £200m of convertible capital bonds, profits rose 51.4 per cent to £279m up from £184m, restated for the Indian activities' move from associate to subsidiary status.

A proposed final dividend of 11.1p (10.25p) gives a total of 17.55p (16.2p) a rise of 8.3 per cent. Mr Vernon Sankey, chief executive, said the dividend increase reflected Reckitt's policy of progressive increases above the rate of inflation.

Group sales rose 8.4 per cent to £2.1bn, and operating profits were up from £275m to £315m. Interest charges, excluding the bond coupon, rose from £33.7m to £35.6m as sterling deposits fell and attracted lower returns. Strong cash flow cut net debt by £97m to £216.5m, excluding the capital bonds, compared with shareholders' funds of £704m (£618m).

Mr Sankey said that one objective in 1993 had been to increase the proportion of profits from North America, which includes Mexico, and this had gone up from 16 per cent to 21 per cent. Another was to raise the proportion from faster growing economies such as South America and South East Asia, and these had risen from 16 per cent to 20 per cent in spite of hyper-inflation in Brazil.

Operating profits from household and toiletry rose from £188m to £206m, helped by new product development. Pharmaceutical profits rose from £42m to £45.5m, with extensions of products such as Dettol and Lemsip. Food profits were up from £45m to £54.3m, in spite of the effect of a soft drinks price war on Robinsons and poor summer weather.

Stated earnings per share were 45.02p (25.16p), but the underlying earnings growth was 10.1 per cent to 43.64p (39.62p).

● **COMMENT**

Although the shares fell 10½p to 605p yesterday, this probably had more to do with the market than any real disappointment with the numbers. Reckitt's merits lie in its strong cash generation, high margins, strong brand positions and geographical spread, all of which contribute to the regular progression in dividends. However, unlike its mustard, Reckitt never lights the fire of the mass of investors. Hence a low prospective p/e, of around 12¼ on pre-tax forecasts of £310m-plus, and a historic yield of 3.6 per cent which should continue rising faster than inflation. For investors seeking reliability rather than fireworks, Reckitt is a good bet.

Hepworth shares fall 8% in spite of 30% rise to £58m

By Andrew Taylor, Construction Correspondent

Shares in Hepworth, the building materials and boiler group, fell 8 per cent, or 35p, yesterday to 418p in spite of its announcement of a 30 per cent rise in pre-tax profits in 1993 from a restated £44.8m to £58.3m.

The market was more concerned at the company's warnings about the slow pace of the UK construction recovery and worries that Hepworth's price increases were unlikely to stick in what remain very competitive markets.

Turnover increased from £627.5m to £654.7m. The rise in earnings per share from 15.6p to 19.2p was in line with market forecasts. The final dividend was held at 9.35p keeping the year's total at 14.85p.

Many of the group's markets remained flat with the decline in construction activity reaching bottom in the UK but still falling in many continental European markets.

Nonetheless, margins improved in a number of areas as a result of previous cost-cutting, rising exports and product development. The group's range of products ranges from clay pipes to central heating boilers: this gives it a wider exposure to the construction industry than most building materials groups.

Mr John Carter, managing director, said that European construction markets were likely to remain demanding in the short term but ultimately would benefit from lower interest rates.

Gearing fell from 136 to 12 per cent following last year's conversion to equity of £100m of convertible bonds.

Profits in the building products division rose from £14.5m to £20.1m helped by exports of clay pipes to the busy German housing market. Profits in the home products division rose 10 per cent to £11.7m (£10.6m) helped by an 8 per cent rise in the UK boiler market.

Profits of Saunier Duval proved very resilient – they fell by £1m to £25.2m – given the problems facing continental European construction markets. Hepworth Refractories' profits rose from £3.6m to £6.5m, while profits from the minerals and chemicals division dipped to £8.1m (£8.5m).

● **COMMENT**

Comments by Hepworth and John Laing that the UK construction revival may not be proceeding as fast as had been previously thought may increase concern ahead of next month's tax rises, which may yet undermine confidence in the housing market. That, and fears about the effect of public spending cuts on the UK road programme were enough to send Hepworth's shares falling. The company, like Laing in contracting, is a quality performer but its strengths are well known. Pre-tax profits of £75m in 1994 put the group on a prospective p/e of 20 – high enough given uncertainty about the pace of recovery.

Frost increases 33% and plans further expansion

By David Blackwell

Frost Group, the UK's largest independent petrol retailer, boosted profits by 33 per cent for the year ended December 31 on the back of a 43 per cent rise in turnover.

Pre-tax profits were up from £5.75m to £7.65m on turnover of £177.2m (£124m).

Earnings per share rose from 7.7p to 9.5p. A final dividend of 2.7p (2.2p) is proposed, giving a total of 4.9p (3.9p).

Mr John Murgatroyd, finance director, said yesterday that the company had opened another 50 sites during the year, taking the group total to 181. The group now accounted for 1.65 per cent of UK petrol sales.

Frost, which trades as Save Service Stations, increased its market share against a background of a 1.5 per cent fall in UK volume, and a fall of 3.1 per cent in the number of petrol stations to just under 18,000.

Last October Frost made a 5-for-1 rights issue to raise £21.3m in order to repay bank debt and clear the way for further acquisitions. It ended the year with cash of nearly £7m and unused existing facilities of £21m. Net assets rose from £27m to £50.9m.

Mr Murgatroyd said the group planned a further 45 to 50 sites this year.

Frost sites its shops in towns and local communities, believing that motorists tend to fill up at the beginning or end of their journeys. Each site has a Smilies corner shop, selling goods ranging from coal and grow-bags to milk and bread. The shops are open 16 hours a day, seven days a week.

The group has also introduced a smart card which effectively knocks 2p a gallon off the price of petrol to loyal customers.

Wolstenholme tops £4m

Shares in Wolstenholme Rink put on 37p to 695p yesterday as the company reported pre-tax profits up by 52 per cent from £2.89m to £4.4m for the year to end-December.

The improvement was achieved on turnover up by £7m to £57m. Earnings per share came out at 39.6p (23.4p) and a proposed final dividend of 11.2p (10.5p) raises the total for the year to 18p (17p).

Based in Lancashire, Wolstenholme Rink has reorganised its activities into three sections: supplies to the printing ink industry; supplies to the printing industry; and other businesses.

Mr Tony Rink, joint chairman, said the business climate in the group's more developed markets, particularly Europe and America, remained somewhat disappointing.

However, the wide geographic spread of its sales had assisted in offsetting those markets suffering from recession.

Mr Rink said the last quarter of 1993 had shown signs of recovery in the UK printing industry and added that this trend had continued into the the current year.

International business remained at encouraging levels.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Abbeycrest ....fin	2	May 27	2	3.2	3.2
APV ....fin	3.4	-	3.4	5.4	5.4
Ayrshire Metals ....fin	1.5	July 1	nil	1.5	nil
Baird (Wm) ....fin	5.35	July 7	5.35	8.9	8.9
Beradin ....fin	1.2	Apr 22	1.1	1.2	1.1
BNB Resources ....fin	3.3	-	3.3	4.9	4.9
Booker ....fin	14.25	July 1	14.25	21.75	21.75
Bournem'th Water ....fin	91	May 20	86	120	86
Bridon ....fin	2.75	July 4	2.75	4	4
Bruntcliffe ....fin	0.5	May 27	-	0.5	-
Cattle's ....fin	3.1	May 27	2.8	5	4.2‡
Caverdale ....fin	0.15	-	nil	0.15	nil
CIA Group § ....fin	3.68†	-	3.03	5.14	4.35
Culver Holdings ....fin	0.14	Apr 29	0.1	0.25	0.2
Dowding & Mills ....int	0.94	May 12	0.92	-	2.5
Frost Group ....fin	2.7†	July 1	2.2	4.9	3.9
Geest ....fin	4.4	July 1	4.4	8.1	8.1
Gleeson (MJ) ....int	3.35	June 30	3.35	-	12.75
Hepworth ....fin	9.35†	July 4	9.35	14.85	14.85
Laing (John) ....fin	6	June 10	6	9	9
Manganese Bronze....int	1.5	Apr 29	0.5	-	2.5
Maunders (John) ....int	2.45	Apr 29	2.3	-	5.15
Morrison (Wm) ....fin	0.8	May 27	0.64	1	0.8
Mowlem (John) ....fin	nil	-	2	2	4
Padang Senang ....fin	1.2	Apr 22	1.2	1.2	1.2
P&O ....fin	6.5	June 13	17	30.5	30.5
Reckitt & Colman......fin	†11.1	July 6	10.25	17.55	16.2
Ruberoid ....fin	1.8	May 31	-	1.8	-
Slough Estates ....fin	5†	-	5	8.1	8.1
Sphere Invest ....int	1.15	-	0.85	3.4	3.1
Sun Alliance ....fin	9.5	July 1	9	14.75	14.25
TLS Range § ....fin	0.5	June 1	0.25	0.5	0.25
Utd Newspapers ....fin	14.5†	July 1	14	22	21.5
Wellcome ....int	8.8	June 1	4.8	-	17.3
West Hants Water......fin	80	May 20	36	76	36
Wolstenholme Rnk ....fin	11.2†	May 13	10.5	18	17

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ‡Excluding special payment.

Reduced operating costs and housing provisions behind 58% jump

John Laing climbs to £18.3m

By Andrew Taylor, Construction Correspondent

Pre-tax profits at John Laing, the construction group, rose by 58 per cent last year from £11.6m to £18.3m, helped by a 9 per cent fall in operating costs and reduced provisions in the group's UK and US housing operations.

Group turnover fell by just £6m to £1.26bn, while earnings per share by almost 60 per cent to 15p (9.4p). The group is paying a maintained final dividend of 6p making a same-again total for the year of 9p.

Mr Martin Laing, chairman, said that construction profits in difficult markets in the UK had fallen from £15.4m to £9.9m on turnover reduced from £1.08bn to £1.02bn, with the group "declining to chase work at the expense of profitability."

Tony Andrews

Martin Laing: declining to chase work at expense of profitability

Given low profits available on traditional UK contracts won in open tender – construction profits last year represented just 1.8 per cent of turnover (including interest earned on advance cash payments) – Laing intends to seek a greater proportion of its work abroad.

This currently accounts for about ten per cent of the company's order book of about £900m, but could rise to a fifth over the next few years.

The company also intends to increase its involvement in privately financed infrastructure projects. The company has already indicated that it will acquire small equity stakes and has made investments worth £27m at Birmingham Airport (£5m); the Severn road bridge (£3.5m); a hospital at Clydebank; two Spanish motorway companies (£2m) and Malaysian power stations (£12.2m).

The company last year raised £38.9m through a placing and offer for sale of convertible preference shares to help fund private infrastructure initiatives. This has left the group with net cash of £45.8m at the end of December compared with £7.2m at the end of 1992.

The UK housing division helped by an absence of provisions and with sales up from 2,175 to 2,430 homes moved from a £900,000 loss in 1992 to a £4.3m profit last year.

US housing losses, in spite of a further £2.7m provision, were reduced from £3.5m to £1.7m.

● COMMENT

Laing is a class contractor carving out respectable margins where other construction companies might struggle. Its performance during the recession has been impressive. Its weakness is its housing operations which still hold a high proportion of more expensive land acquired during the late 1980s. Southern California, although improving, also, remains a difficult housing market. With housebuilding leading the industry out of recession and UK contracting margins likely to remain low, Laing's rating looks full on a prospective p/e in the mid twenties on pre-tax profits of £20m this year.

Consumer credit side boosts Cattle's

By Simon Davies

A strong performance from its consumer credit division enabled Cattle's (Holdings) to achieve a 28 per cent increase in 1993 pre-tax profits to £15.8m.

The £13.7m comparative figure was adjusted to take in a £1.4m exceptional gain from the flotation of Rosebys, previously treated as extraordinary.

The 1993 figure was in line with expectations, with profit struck on turnover from continuing operations of £217m (£210m).

Consumer credit, the main contributor, made profits of £14.9m, a 21 per cent increase on 1992's £12.29m. The division's bad debt charges remained unchanged despite a 3.5 per cent increase in its customer base.

The group's corporate finance operations, which include hire purchase and asset leasing to businesses, turned round from a £1.1m deficit to a £280,0000 profit following restructuring in 1992.

Outstanding balances on customer accounts were reduced from £42m two years ago to £20m. Mr Eddie Cran, chief executive, expected a further improvement in the current year.

Insurance services, through the Swinton CIB franchise, made a profit of £493,000 (£769,000) in an increasingly competitive market. It is currently reviewing its market strategy.

Cattle's chains of video libraries and travel agencies, however, incurred small losses.

Unless there is a marked recovery, these businesses will be wound down.

Net assets amounted to £44.3m (£38.83m) at year-end, but the company's 43 per cent stake in Rosebys, the textile retailing company, is carrying a book value of £5.6m, against its current market value of £16m.

Basic earnings per share emerged at 9.8p (7.8p, or 9p adjusted to include the £1.4m exceptional gain) A recommend final dividend of 3.1p makes a 5p (4.2p) total.

Disease provisions put Geest £3.8m in the red

By David Blackwell

Political uncertainty over bananas, coupled with disease on its Costa Rican plantations, pushed Geest £3.8m into into the red for the year ended January 1.

"Our problem is all about bananas," said Mr David Sugden, chief executive of the fresh produce and prepared food group, describing the year as "a bit of an aberration".

The pre-tax loss, compared with profits of £3.1m, was struck on turnover of £636m, against £658.9m, which included £53.1m from discontinued operations.

Geest warned in January that it would incur an exceptional charge of £8.9m to cover the cost of an attack of fungal disease on its banana plantations in Costa Rica. It also incurred an exceptional charge of £4.6m on restructuring its produce sector.

Profits before tax and exceptional items were £8.2m, down from £22.2m.

Mr Sugden said the group had suffered great difficulties with the transition of the European banana regime. Latin American countries were yesterday in Brussels for further negotiations on the dollar-banana quota. Geest remained concerned that the regulations were still subject to political changes.

However, the first quarter this year had seen a substantial improvement in the European banana market.

The food preparation division, which supplies chilled salads and other products, reported operating profits of £5.2m on turnover of £107.3m. Profits were similar to 1992 in spite of start-up losses of £1.2m from a new pasta facility. Mr Sugden expects the division's profits to double next year.

Capital expenditure for the year totalled £39m, including £17.4m on the food preparation division, which is expected to account for most of the £20m to be spent this year.

Net debt rose from £7.2m to £43.5m, giving gearing of 60 per cent. This is expected to fall below 40 per cent this year.

Losses per share were 7.6p, (3.8p). An unchanged final dividend of 4.4p is proposed, making a maintained total for the year of 8.1p.

● COMMENT

In spite of the diversification into food preparation, the swing factor for Geest remains bananas. The market has started well this year, but political crosswinds could easily blow it off course again. While the world supply and demand equation is improving, it is well to remember that only four years ago profits were £20m when the group was importing bananas for the UK alone. So the foray into Costa Rica could be seen as an expensive detour, although Geest would argue that it now has 12 per cent of the European market. Forecasts for this year range from £18m to as high as £25m, giving prospective multiples of 10 and 15 respectively. Those who view it as a recovery stock should be prepared for a bumpy ride.

W Hampshire Water rises to £1.58m

West Hampshire Water, owned by Biwater, the water engineering group, reported pre-tax profits of £1.58m for the year to end-December, against £1.29m.

The outcome was struck on turnover up from £8.83m to £9.57m and the advance was achieved, the company said, in spite of the absorption of increased compliance costs.

The net interest charge for the year fell from £780,000 to £580,000. Tax took £129,000 (£79,000) and earnings per share came out at 182p (152p) fully diluted. A final dividend of 60p is proposed, making 76p (36p) for the year.

The company said it intended to put a resolution to the AGM for a 1-for-1 scrip issue and would apply to the Stock Exchange to delist the share and loan capital.

Strong second half helps lift CIA to £4.3m

By Diane Summers, Marketing Correspondent

CIA Group, the UK's largest independent media buyer, announced pre-tax profits up by 17 per cent from £3.65m to £4.28m for the year to December 31 1993, following a strong upturn in business during the second half.

The group is recommending a 2-for-1 scrip issue "in order to improve share marketability". CIA's share price has increased about fivefold since it came to the market in 1989.

Yesterday the shares closed unchanged at 390p.

Turnover increased by 21 per cent from £235m to £285m, although new business gains were down from £76m to £69m. The group said there had been strong growth of business from existing clients and client losses were lower than for many years.

Mr Chris Ingram, chairman and chief executive, said he expected growth of between 5 and 6 per cent in clients' media budgets in 1994.

This year would see faltering recovery in the UK and continuing recession in mainland Europe, he said.

The group expects to continue building its European network and increasing the number of joint ventures during the year.

The fall in interest rates meant a drop in investment income – down from £1.5m to £916,000.

Earnings per share increased by 18 per cent from 15.72p to 18.54p.

A proposed final dividend of 3.68p makes a total of 5.14p, also up 18 per cent.

Enlarged Caverdale £1.5m in black

Caverdale Group, the motor retailing and industrial products group, continued the recovery seen in the first half and achieved pre-tax profits of £1.5m for the year to December 31 compared with losses of £950,000.

Turnover jumped to £50.5m (£12.9m) with £22.2m from acquisitions, and there were operating profits of £1.86m against losses of £203,000.

The improvement in the motor retailing division was fuelled by an increase in used car sales, the company said.

The industrial products division also continued to improve, the directors added.

Earnings per share amounted to 1.02p (0.94p losses) and the company has returned to the dividend list with a final of 0.15p.

Manganese Bronze leaps to £1.3m

By Rebecca Rea

Manganese Bronze Holdings, the maker of black London taxi cabs, returned interim pre-tax profits of £1.27m, more than double last time's £577,000, helped by a reduction in interest charges from £223,000 to £35,000.

Mr Jamie Borwick, chief executive, said: "Our businesses have maintained a good stream of profits throughout the recession and we are feeling positive that things will get even better over the next half year."

In the six months to January 31, overall turnover was down by 3 per cent from £37.8m to £36.6m. Operating profit was up by 63 per cent to £1.31m.

Steep competition and weak markets continued to mean disappointing results for the components division, LTI Homer, the fuel tank business, and Fairway Nissan, the car dealership.

However, this was offset by a strong performance from the vehicles division which continued to produce 36 taxis a week. Pre-tax profits here were £1.34m (£30,000) on turnover of £25m (£22.3m).

It was a poor half year for the precision castings business due to unexpected cuts in demand; also a significant fall in the price of cobalt was partly responsible for a reduced turnover from the metal powders business.

Mr Borwick said that more than £2m would be invested in the Ipswich plant, which manufactures sintered automotive components.

An interim dividend of 1.5p (0.5p) was declared, payable from earnings per share of 5.01p (2.19p).

Campbell & Armstrong cuts loss

Campbell & Armstrong, the shop and office fitting group, reported losses before tax of £294,000 for the nine months to end-December, a significant improvement on the £3.94m deficit for 1992-93.

The company has changed its financial year end from March to December to balance the seasonal influences of activities over the two halves. Comparisons, therefore, are for the 12 months to March 31.

Turnover for the nine months amounted to £38.9m (£50.6m).

Losses per share came out at 1.7p (24.6p). No dividend is proposed, although the directors said they intended to seek the necessary approvals to eliminate the deficit on the profit and loss account by a reduction of the share premium account.

The company last paid a dividend in 1992, when the distribution totalled 2p.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 26.03.94: Pool purchase price £/MWh	Final Prices for Trading on 25.02.94: Pool purchase price £/MWh	Pool selling price £/MWh
0030	10.89	16.65	16.65
0100	15.82	16.65	16.65
0130	15.64	16.70	16.70
0200	15.64	16.70	16.70
0230	10.97	16.65	16.65
0300	10.97	16.65	16.65
0330	10.87	16.65	16.65
0400	10.95	16.62	16.62
0430	10.83	16.52	16.52
0500	10.83	16.38	16.38
0530	10.84	16.54	16.54
0600	10.89	16.55	16.55
0630	10.91	16.60	16.60
0700	16.72	16.90	16.90
0730	15.74	19.24	23.12
0800	19.32	19.25	23.13
0830	16.55	19.27	23.15
0900	19.32	19.93	23.83
0930	19.33	19.37	23.28
1000	19.33	20.02	23.94
1030	19.32	20.01	23.94
1100	19.32	20.02	23.94
1130	19.32	20.03	23.95
1200	19.32	20.04	23.96
1230	19.32	19.99	23.91
1300	19.32	19.94	23.84
1330	16.54	19.86	23.76
1400	16.54	16.91	16.91
1430	15.78	16.68	16.68
1500	15.75	16.69	16.69
1530	15.74	16.68	16.68
1600	15.73	16.67	16.67
1630	15.74	16.68	16.68
1700	16.83	16.86	16.86
1730	16.54	16.92	16.92
1800	16.54	19.99	23.90
1830	15.77	22.05	25.99
1900	16.62	22.05	25.98
1930	16.32	21.94	25.84
2000	19.32	21.87	25.75
2030	19.32	16.49	22.31
2100	16.54	16.43	22.31
2130	16.83	16.43	22.31
2200	15.72	16.43	22.31
2230	15.65	16.60	16.60
2300	15.82	16.52	16.52
2330	10.97	16.40	16.40
2400	10.98	16.30	16.30

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.66/MWh becomes 1.666p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone [illegible] between 8.30am and 5.15pm Monday to Friday.
©Energy Settlements and Information Services Limited

All-round growth and £19.6m exceptional gains behind advance

United Newspapers rises 25%

By Raymond Snoddy

United Newspapers, publishers of the Daily Express, yesterday reported a 25.3 per cent rise in pre-tax profits from £109.9m to £137.7m, with all divisions contributing despite difficult trading conditions.

The outcome was flattered by exceptional gains of £19.6m mostly the sale of Extel Financial to Pearson, owner of the Financial Times, against gains of £10.4m a year earlier. Before exceptionals, pre-tax profits rose by 18.7 per cent to £118m in the year to December 31.

Lord Stevens, the chairman of the group, whose interests range from regional newspapers and business magazines to exhibitions, warned that the pace of economic recovery in the UK and the US "is not consistent." United expected, however, its "recent major investments to perform well."

Turnover for the year rose 9.3 per cent to £908.4m and earnings per share rose 15 per cent to 44.9p a share, or before exceptionals by 8 per cent to 35.6p. A final dividend of 14.5p is proposed for a total of 22p (21.5p).

Mr Derek Terrington, media analyst at stockbrokers Kleinwort Benson said yesterday: "This is quite a good set of results and for all the right reasons." There had been improvements across the group and the second half recovery was being sustained in the first half of the current year.

Trevor Humphries

Lord Stevens: expected recent major investments to perform well

United said that particularly strong results had been achieved in the US by its advertising periodicals and the PR newswire. The US contributed operating profits of £44.9m on turnover of £243.6m.

The group's UK national newspapers increased operating profits by 2 per cent to £33.7m on turnover of £300.4m although "turbulent market conditions", price reductions by competing titles and extra spending on new supplements held back profits. The UK and Europe contributed operating profits of £85.5m on £664.9m.

The sale of Extel Financial for £73.5m and the £190m rights issue left the group with net cash of £4.5m at year end compared with net debt £308.6m at the start of last year. This year, however, net debt has risen to £100m because of the acquisition of Harmon Homes and the Hong Kong International Trade Fair.

● **COMMENT**

United makes little fuss and avoids headline catching stories such as the battle for the future of The Independent or big takeovers. It has, however, got on with quietly managing its businesses with solid results across a wide front. With so many of its businesses sensitive to advertising, it should be poised to take advantage of cyclical recovery. In meetings with City analysts yesterday the atmosphere was a little less cautious than in the formal statements. Pre-tax profits should rise to about £140m this year for a prospective p/e ratio of 16, a moderate rating for such a broadly based publisher.

Chez Gérard gets £21m valuation

By David Blackwell

Chez Gérard, the London restaurant group, finalised its flotation yesterday, pricing the shares at 112.5p to produce a market capitalisation of £21m.

After the flotation there will be 18.67m shares in issue of which 70 per cent are being placed with institutions. It will raise £4m of new money, of which £1m will be used to clear the company overdraft, leaving £3m for further acquisitions.

The company forecasts in the prospectus a 69 per cent increase in pre-tax profits to £1.62m for the year ending June 26.

Groupe Chez Gérard owns Bertorelli's in Covent Garden, Café Fish off Haymarket, Soho Soho in Frith Street and three Chez Gérard restaurants. It also operates and has a 25.5 per cent stake in Chutney Mary in Chelsea.

Mr Neville Abraham, chairman and chief executive, said the company would be investing up to £5m in further restaurants over the next two to three years. For the foreseeable future they would be sited in central London. "That's our patch, and we have demonstrated our success."

Mr Abraham and Mr Laurence Isaacson, deputy chairman, entered the restaurant business in 1980, converting a banana warehouse next door to the Royal Opera House into Café des Amis du Vin, which they sold in 1984 for £2.2m. The two men and their management team will retain 30 per cent of the enlarged share capital.

Exceptional costs leave Bridon £23m in the red

By Paul Taylor

Bridon, the Doncaster-based wire rope and engineering products manufacturer which announced a substantial restructuring last month, yesterday reported a £22.7m pre-tax loss for 1993 after £22.4m of exceptional charges.

The expected deficit, which compares with a previous profit of £1.2m after a £1.1m of exceptionals came on flat turnover of £315.7m.

Losses per share of 39.9p compare with earnings of 1.9p the previous year. However, reflecting the board's increasing confidence in the future, the final dividend is maintained at 2.75p making an unchanged 4p total. Bridon's shares closed down 3p at 148p.

Commenting on the results Mr Brian Clayton, chairman, said 1993 saw a continuation of recessionary pressures in many of Bridon's markets. Demand in the UK stabilised but conditions deteriorated in continental Europe – particularly Germany and Italy.

The group's wire and wire rope manufacturing operations had to contend with increases in raw material costs in the second half, while market conditions prevented the full recovery of these higher costs.

Group operating profits before exceptional items fell to £6.3m (£7.6m). Mr Ronald Petersen, chief executive who joined the group in September, said higher raw material prices in the second half reduced operating profits by around £400,000 in the UK and by about $1m (£600,000) in the US.

The bulk of the exceptional charges – which will cover the costs of a new strategy aimed at improving the group's market focus and manufacturing cost base – relates to the planned restructuring of the wire and wire rope operations.

Last year these activities recorded reduced operating profits of £2.5m (£4m) before £16m (£1m) of exceptional costs, on sales of £216.1m (£210.7m.)

In contrast, operating profits improved slightly in the fibre products and industrial textiles operations, but engineering profits slipped to £800,000 (£1.9m) before exceptional costs of £6.1m (£100,000) on flat sales of £45.4m (£45.6m.)

The 1993 pre-tax deficit also took account of a £2.6m loss on the sale and termination of operations and reduced net interest costs of £3.3m (£4.2m).

● **COMMENT**

Bridon faces fierce competition from east Asia in its core wire and wire rope business and its strategy for the future – code named Project 360 – which was also unveiled yesterday, is in essence a survival plan. Implementation will take time and will probably involve further disposals. In the meantime, the group is fortunate in having a strong balance sheet. No benefits are expected before 1995 at the earliest, so results are particularly difficult to predict. For the moment the 3.3 per cent dividend yield is supporting the share price.

Lower palm oil prices hit plantation results

Lower palm oil prices, offset by higher investment income were factors in the annual results of two plantation companies in which Rowe Evans Investment has substantial holdings.

Beradin Holdings reported marginally higher pre-tax profits of £485,000 (£476,000) for the year to December 31 on turnover of £931,000 (£1.02m). It said that the palm oil price was an average 10 per cent lower, but it had received increased dividends from other plantation companies of £112,000 (£66,000).

Earnings per share, helped by a lower tax charge of £186,000 (£226,000) were 2.01p (1.69p) and it is proposed to increase the single final payment to 1.2p (1.1p).

Padang Senang Holdings showed profits down from £183,000 to £161,000 pre-tax on turnover of £524,000 (£597,000). It said palm oil prices had fallen 12 per cent while rubber prices continued at a low level. Investment income was doubled at £85,000 (£42,000).

Earnings per share helped by a lower tax charge of £59,000 (£90,000) were 2.05p (1.88p) and the proposed single final payment is unchanged at 1.2p.

BNB Resources

Turnover of BNB Resources, the recruitment and consulting concern, rose from £62.95m to £76.12m for 1993, while pre-tax profits surged to £2.59m, against £712,000.

Earnings per share were 8.7p (3p), but the dividend is unchanged at 4.9p with a same-again 3.3p final.

Expanded Malaya cuts losses to £378,000

By Paul Taylor

Malaya Group, the fast expanding USM-quoted motor retailer, reported a reduced pre-tax loss of £378,000 for 1993, down from £982,000.

During the first full year of a planned expansion in the London and the home counties, the group grew from two franchises at the start of 1993 to 10 by the end of the year, with eight new and used car outlets. The group has also been appointed the concessionaire for Bugatti in the UK.

The board said the restructuring and development, initiated by its new management in the latter part of 1992, "progressed wholly in line" with its expectations.

Reflecting the expansion, turnover increased sharply to £49.7m (£8.35m), including £38.5m from acquisitions. At the operating level losses fell from £692,000 to £331,000.

The reduced pre-tax loss was struck after a £43,000 profit on a property disposal and reduced net interest costs of £90,000 (£290,000).

Losses per share were cut to 0.54p (4.93p).

In view of the loss, which the company said was in line with expectations, no dividend is recommended.

In June Malaya raised £9.7m net of expenses through a placing and open offer. The group said the remaining planned acquisitions in London and the home counties would be funded from existing resources. It added that it had experienced improved trading conditions since the start of 1994 and "looks forward to a return to profitable trading."

Holliday in talks for acquisition

Holliday Chemicals, the industrial dye and speciality chemicals group, said it was in an "advanced stage of negotiations" for the purchase of a European chemical business.

The statement, put out in response to market rumours, said the target business had a turnover of £30m in 1993.

If concluded, the buy would be funded by a rights issue of convertible preference shares.

Anglian Water expands in US

By Peggy Hollinger

Anglian Water, the privatised UK utility, yesterday stepped up its presence in the US, with the $27m (£18.4m) cash purchase of a California-based membrane technology company.

Fluid Systems, sold by US conglomerate Allied Signal, will have net assets of $6m after completion. It is Anglian's second purchase in the US. It follows last year's acquisition of a small Massachusetts-based company through the purchase of Nordic Water, the Swedish process engineering group.

Mr Andy Nield, finance director of Anglian Water Process engineering, said the group had sought access to the technology in the UK, but this had proved difficult.

The process, which uses a cloth membrane to separate impurities from water, was more advanced and in greater demand in the US, he said. "We see the technology will be increasingly important in the future," he said.

Anglian intended to expand Fluid Systems' client base through its operations in Scandinavia, France, Germany and Australia.

Fluid Systems last year made a pre-tax profit of $2.3m on sales of $18.6m.

National Grid in Indian link

By Michael Smith

National Grid, operator of the England and Wales power transmission system, is in talks with Power Grid of India to set up a joint venture to undertake transmission projects in the sub-continent.

A deal is thought to be close for a venture which would build, operate and maintain systems. National Grid, which is owned by the 12 regional electricity companies in England and Wales, is believed to be considering an investment of up to £25m.

The Indian venture would be the second significant equity deal overseas. The first was in Argentina.

Last year National Grid said it planned to invest £370m overseas over the next five years.

The expansion abroad reflects the limited opportunities UK electrictiy comapneis have in the relatively mature UK power market.

Power Grid is examining several projects in India which will require significant investment including the linking of separate zones of the country.

National Grid could not confirm yesterday the details of its negotiations.

Booker at £87m and debt cut

By Maggie Urry

The first fruits of the new management regime at Booker, the food group, were shown in a 1993 rise in profits from £67.9m to £86.9m. The figures were struck after losses on disposals of £2.8m, against £2.5m.

Underlying earnings per share rose by 16.8 per cent to 28.5p, covering a maintained total dividend of 21.75p by 1.3 times.

Mr Charles Bowen, the chief executive who joined the group last summer, said the group had begun to meet its three prime objectives of generating more cash, increasing the focus of the group, and improving head office control of the business.

Investors were surprised by the reduction in net debt the group had achieved, with borrowings down from £155m to £125.7m, cutting gearing from 95 to 71 per cent. The shares rose 18p to 429p, against the market trend.

Mr Bowen said further sales of small, non-core activities could be expected this year, with some likely soon. Booker would concentrate on three areas, food distribution, processed food and fish, and agriculture.

He said after cutting debt by £29.3m in 1993, there were aggressive targets to cut working capital further in 1994. Capital expenditure would not be cut, indeed investment hurdle rates had been reduced from 25 to 15 per cent.

Group sales were 3.7 per cent up at £3.57bn, and operating profits rose 5.6 per cent to £103m. Profits from continuing operations were 10.4 per cent up at 100.2m. Interest took £17.1m (£20.6m).

Food distribution profits rose 13.7 per cent to £48.1m despite flat sales in the UK. Costs were cut and there was strong growth in Portugal. Profits from the food service division, which suffered severe problems at Booker Fitch in 1992, recovered to £15.1m (£9.6m).

Fish processing profits were flat at £8.4m, while prepared foods profits fell from £14.3m to £13m as margins were squeezed by supermarkets.

Changes in demand patterns for chicken meat hit profits from US agribusiness, down from £13.1m to £6.8m. But in the UK a recovery in salmon farming and the devaluation of the green pound lifted profits from £2.2m to £9.3m.

● **COMMENT**

Mr Bowen appears to be working wonders already at Booker, if only by giving investors pleasant rather than nasty surprises. These figures showed a new clarity and also demonstrated how getting basic things right could transform cash flow. That said, the trading environment is still poor and profits are unlikely to rise much this year, perhaps to about £92m pre-tax. However, the quality of earnings is improving more rapidly than the quantity, and though the prospective p/e of around 15 is not particularly attractive, a yield of 6.3 per cent – which looks increasingly secure – is and the shares should rise with Booker's credibility.

Cray £10.3m disposal

Cray Electronics announced yesterday the sale of its defence businesses for £10.3m to QVS Industries which will trade as Basys Holdings.

The cash consideration includes the repayment of intra-group borrowings of £7.35m.

The sale of Cray Technology (Gosport), Cray Marine and Cray Computer Graphics previously contributed pre-tax profits of £1.5m.

Cray shares closed 3p down at 171p.

Raising a glass to prospects of growth

Tony Jackson considers the logic of Allied-Lyons' £739m purchase of Pedro Domecq

On the face of it, Allied-Lyons' proposed £739m purchase of Pedro Domecq is a splendid proposition.

Allied becomes, on its own reckoning, the world's second biggest spirits producer after Grand Metropolitan, overtaking Guinness. It gains some powerful brands with which to attack the fast-growing South American market.

It also recruits some able managers, mostly members of the Domecq family, who thoroughly understand the Hispanic world of drinks.

On closer inspection, the sceptic might ask just what Allied is getting for its money.

The overwhelming bulk of Domecq's profits – 97 per cent – come from two countries, Mexico and Spain. Allied's products in those countries are already distributed by Domecq. Domecq's own brands mostly have limited appeal outside those two countries, so there is little scope for Allied to push them through its own distribution system.

And Allied already has a blocking vote in the shape of a 32 per cent holding in Domecq.

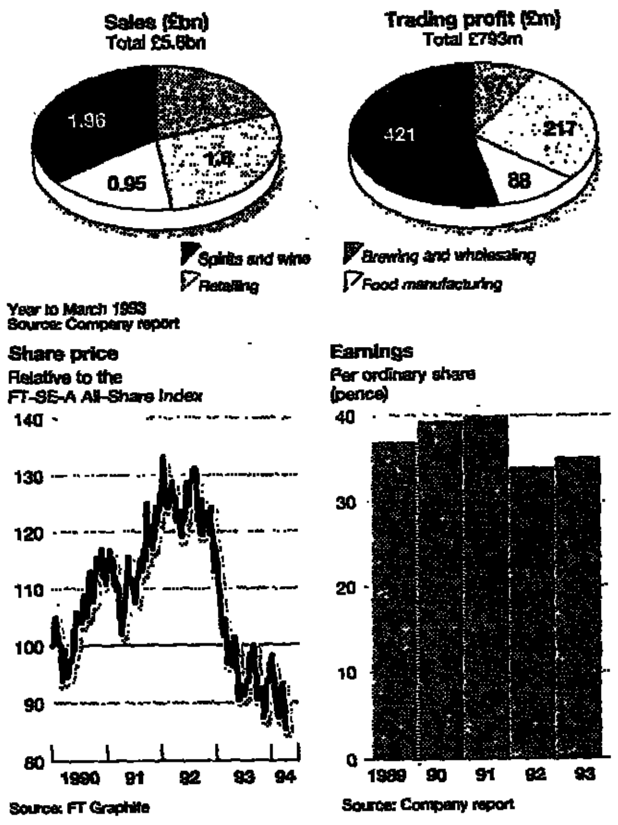
Outright control of the business, Allied argues, means a great deal. This is a little at odds, however, with the praise it lavished on Domecq's management yesterday, and the fact that the same management will remain in place.

So what does Allied think it is getting? The answer, above all, is the prospect of growth.

"The logic of this is not about bringing together two big companies to take out a lot of cost," Mr Tony Hales, Allied's chief executive said yesterday. "It's getting faster growth in fast-growing parts of the world."

Mr Michael Jackaman, Allied chairman, develops the point. Take Mexico, for instance, which contributes half of Domecq's trading profits, and where Domecq has more than 40 per cent of the spirits market and an 80 per cent share in brandy. "The fact is that the Mexican business has to develop and change", he said. "It probably has to change its focus from the domestic brandy business to imported products. That's a 10 or 15 year job, and it will be much easier to do when you call the shots than when you have to persuade your partners."

Allied-Lyons: from regional brewer to global drinks group in 33 years



Year to March 1993
Source: Company report

Source: FT Graphite

Source: Company report

Chronology

Allied-Lyons
1961 Company created by merger of Ind Coope, Tetley Walker and Ansells
1963 Becomes Allied Breweries
1968 Bought Showerings
1976 Bought Teacher's
1978 Bought J Lyons for £60m
1981 Name changed to Allied-Lyons
1985 Elders bids £1.88bn for Allied-Lyons, finally rescinded in 1986
1986 Bought 51% of Hiram Walker, acquiring balance in 1987
1988 Equity link with Suntory
1989 Bought 69% of Chateau Latour; bought Dunkin Donuts for £207m; bought James Burrough
1991 Bought 24% of Lanson
1992 Leased over 700 pubs to Brent Walker; Showerings sold to management for £140m; Lyons Maid sold; breweries merged with UK arm of Carlsberg

Pedro Domecq Group
1730 Founded in Jerez, Spain
1816 Acquired by Domecq family
1941 Established Mexican operation. Becomes one of the largest drinks distributors in Latin America
1994 The world's eighth largest spirits producer and distributor, it is sold to Allied-Lyons for £739m
Main activities: production, distribution and marketing of brandy, whisky, wine and other drinks, mainly in Mexico and Spain
Brands: owns or controls six of the world's top 100 spirits brands (incl Presidente and Don Pedro, largest and third largest selling whiskies)

Equally, he added, there were a number of markets, especially in Europe, where Domecq still has its own distributors. In most of them Allied will take over the distribution.

In the really long run, Mr Jackaman was hopeful that Domecq's brandies could be sold in that fabulous goal of all consumer marketers, China. "Long term, that's going to be a strong cognac market," he said. "Spanish and Mexican brandies are good-tasting products, and I don't see any reason why there shouldn't be some space for them ultimately and we have a sales and distribution operation in China already."

Mr Hale was more pragmatic. "The biggest opportunity", he said, "is for us to sell more Scotch through their network, and more tequila through ours." As part of the deal, Allied will buy control of Tequila Sauza, the second biggest-selling tequila in the world, with 35 per cent of the Mexican market.

For Mr Jackaman, the deal has a further attraction: cash. Domecq was a very strong cash producer, he said. In the past, as a minority shareholder, Allied had profits but not cash. "Profit is all very well, but it's cash that pays the bills."

This was slightly at odds with a point made yesterday by Mr Ramón Mora-Figueroa, Domecq's chief executive. Explaining the Domecq family's motive in selling, he said: "When you have 500 members of the family who have seen Domecq grow so rapidly, especially over the past six years, while [the Domecq-Allied partnership] has been more interested in growth than in paying big dividends, some of them wanted to realise the value of their shares."

In other words, it sounds as if Domecq has been absorbing cash to grow, rather than throwing cash off. Mr Jackaman disputed this, saying the family had been brought up to expect "really sexy" dividends, far more than an institutional shareholder would require.

Nor did he accept that the family's desire to sell obliged Allied to buy. "This is something I've been hoping for for a long time. It was just a question of when the shareholders got restive."

Meanwhile, the deal carries Allied further in its stated policy of concentrating on drinks and retailing, which includes pubs, Baskin-Robbins ice cream and Dunkin' Donuts. By implication, this leaves two unwanted divisions: food manufacture, and the Carlsberg Tetley joint venture in brewing.

Yesterday, Mr Jackaman said Allied was not engaged in any active talks about selling its food interests. On brewing, he was non-committal. Allied was happy with the current arrangement, despite the tough times facing UK brewers. Then again, he said: "We are not natural developers of a worldwide beer business as Carlsberg is."

The deal also confirms Britain's remarkable dominance of the world drinks industry. Allied is now lodged at the top of the tree with two other British groups, Guinness and GrandMet. The only other company in the same league is Seagram of Canada.

Perhaps, in the end, this is as persuasive an argument as any for the deal: that if the British have found something they are good at, they should make the most of it.

The end of life with the Lyons

By Diane Summers, Marketing Correspondent

Allied-Lyons' proposal to change its title to Allied-Domecq will mean the loss of a name that has played a significant part in British social history.

Lyons Corner House tea shops and restaurants were common meeting places from the turn of the century until the 1950s when they began to be supplanted by fast-food outlets.

The first Corner House opened in London's Coventry Street, between Piccadilly Circus and Leicester Square in 1909; a second opened in the Strand in 1915; a third at the junction of Oxford Street and Tottenham Court Road in 1928; and the fourth, at Marble Arch, was completed in 1933, enabling J Lyons to boast that "the four Corners of London" were serving 50m customers a year.

Most of the tea shops, including the Corner Houses, had disappeared by the time Allied Breweries bought J Lyons – formed as a public company in 1894 – for £60m in 1978.

One of the last tea shops, in the Strand, closed in 1981, although there was later a short-lived attempt to resurrect it as a Corner House.

Lyons, the second largest tea company in the world, is also the proud inventor of the round tea bag, which has helped to give its Tetley brand a leading position in the UK, Ireland and Canada. Other produce bearing the Lyons name includes biscuits and ice-cream.

The Lyons name was also attached to one of the oldest and best-known British coffee brands. However, Allied-Lyons sold its coffee interests in February: instant coffee went to Kraft Jacobs Suchard, while real coffee went to Paulig, the Finnish food group.

Takeover of a famous and independent family business

By David White in Madrid

The words "British sherry" are anathema to the proud businesses of Jerez de la Frontera – the name of an inferior product they do not even recognise as wine. How poignant it is, then, that the most famous of all sherry names should become a British company through takeover by Allied-Lyons.

Domecq is a resonant name in Spain, associated not only with wine and spirits but equally with bulls, jet-setting, conservatism and a many-tentacled family.

Although many of the best-known sherry businesses have British – or in Domecq's case French – names, they have a strong tradition as independent Spanish family concerns. But in the last few years foreign multinationals have broken into this preserve, the absorption of the Pedro Domecq group being only the latest in the series.

Grand Metropolitan, through International Distillers and Vintners, has the Croft sherry and port concern and an important stake in Gonzalez-Byass. Sandeman, also combining sherry and port, is controlled by Seagram, and the Williams and Humbert bodega in Jerez by Bols of the Netherlands. Allied-Lyons already has Harveys in its stable as well as its interest in Domecq.

Independent companies such as Osborne, among the sherry houses, and the Larios spirits group are now the exception.

Rapid change of this kind goes against the grain in the sherry establishment, but it is accepted with resignation as companies face the need to diversify. Domecq, with its core business as a brandy producer facing declining consumption, has already diversified with the acquisition of new spirits brands, which have helped it to boost profits.

It also became a multinational in its own right, especially through its strong presence in Mexico.

However, it faced another problem of its own – long-standing discord among different branches of the family over the company's future. Because of its many ramifications nobody appears to be able to determine exactly how much of the company is still owned by the Domecqs. Names are misleading. For instance, Mr Ramón Mora-Figeroa, chief executive, is a Domecq through his mother.

Mr Mora-Figueroa was instrumental in establishing the first links with Allied-Lyons in the 1970s. In 1982 a bid was fought off from Rumasa, the holding company headed by Mr José María Ruiz Mateos, who had built an empire from a small-time sherry business and was later expropriated by the Spanish government.

Lehman Brothers has been working towards a deal on behalf of minority shareholders, including members of the Domecq and Benjumea families, for more than a year. Last July the company sought an evaluation from Goldman Sachs, which then worked with Allied-Lyons' advisers, Barings, to formulate an agreement.

Family pride has not been discarded, though. The Spanish company's board was insistent yesterday that the deal would leave intact "the structure and personality, the style and tradition" that had been behind its success so far.

APV falls to £13m but upbeat about prospects

By Andrew Bolger

APV, which supplies processing equipment to the food and drink industries, reported another drop in annual profits but was upbeat over the progress of its extensive restructuring programme.

Pre-tax profits fell from £20.2m to £13.4m in the year to December 31. Sales from continuing operations rose by 3 per cent to £834m, although exchange rate changes inflated the figure by £70m.

Sir Peter Cazalet, chairman, said: "Significant progress has been made during 1993 in positioning the group for growth and a return to acceptable levels of profitability."

Despite the difficult economic environment, the chairman said APV was achieving good orders in a number of its chosen markets and overall, the order book was 10 per cent ahead of last year.

He added: "Our trading and financial position is stronger and I feel more confident about the group's prospects now than at any time in the past four years."

APV said it had responded to difficult conditions by continuing to rationalise capacity, improve efficiency, divest non-core businesses and focus on identified target markets.

Mr Clive Strowger, chief executive, said 10 plants had been closed or were closing and the workforce had been reduced by 2,500 to below 10,000 since 1992, the year he was appointed.

Economic conditions in the US improved during the year and there were some signs of recovery in the UK.

Recessionary conditions prevailed throughout continental Europe, although Asian economies continued to grow strongly, apart from Japan.

APV expected no significant improvement in the economic environment in continental Europe, which accounts for approximately 40 per cent of the group's orders and sales, during 1994.

Gearing fell from 31 per cent to 7.5 per cent.

Earnings per share fell to 0.9p (3p) but the final dividend is being held at 3.4p giving a maintained 5.4p total.

● **COMMENT**

Analysts found the results a mixed bag, with further rationalisation costs partly offset by an unexpected gain on an interest swap deal. However, the management has taken a cautious line on accounting standards. Most interest focused on the positive note struck concerning orders and future prospects, given the scale of recent surgery on the sprawling portfolio which Mr Strowger inherited. The scale of the cost-cutting should make APV highly geared to any volume increase. Forecast profits of up to £25m put the shares, down 7p at 121½p, on a prospective multiple of 25, which clearly puts them in the recovery bracket. But few such stocks are underpinned by a prospective yield of 5.4 per cent and can already point to a 10 per cent in rise in orders – even although its main market is still flat on its back.

Wm Morrison forecasts upgraded after 17% rise

By Peggy Hollinger

William Morrison's shares rose 3p to 120p in a falling market yesterday as the market moved to upgrade forecasts for the Northern supermarket chain, on the back of stronger than expected results.

The group announced a 17 per cent increase in pre-tax profits to £97.8m, against a market consensus of about £90m. Sales also rose by 17 per cent to £1.54bn for the year to January 30.

The City revised 1995 forecasts from about £100m to between £105m and £110m.

The better than expected performance was based on a strong margin recovery in the second half and contributions from new stores. Excluding new stores, like for like sales were 3.5 per cent higher.

Mr Martin Ackroyd, finance director, said sales had increased above expectations partly due to the decision to abandon opposition to Sunday trading.

"If there are five major groups opening on a Sunday and one doesn't, he will suffer," Mr Ackroyd said. He had not changed his mind about the essential lack of benefits in Sunday opening, however. "I do not think we have earned anything. We have just recovered the losses."

Margins benefited from passing on price pressures to suppliers. The decline experienced in the 12 months between July 1992 and July 1993 – when Morrison sought to woo back customers tempted by discounters – had more than been recovered by the second half, he said.

Mr Ackroyd warned, however, that there was cause for caution. "The current year will no doubt continue to be extremely tough," he said. "If it becomes an all-out price war, then we will join the skirmishes with everyone else."

Morrison racked up capital expenditure of £120m in 1993-94, including the costs of opening eight stores. The group was currently trading from 67 stores and planned to have 72 by the end of the year. Capital expenditure of about £170m was budgeted in 1994-95.

Gearing is expected to increase to about 25 per cent this year, against 13 per cent previously.

The dividend was increased from 0.64p to 0.8p, for a total 25 per cent higher at 1p (0.8p). Fully diluted earnings were ahead 11 per cent at 8.05p (7.23p).

● **COMMENT**

William Morrison has recaptured its shine with these results after the interim disappointment. It has managed to get its payroll costs under control in the second half and begun to squeeze suppliers. However, this does not go all the way towards explaining the dramatic improvement in gross margins of 1 per cent, with promises of more to come. This is a well managed and traditionally conservative company, so such questions may be dismissed by some as nit-picking. The shares, on a prospective p/e of 12.7 times, are trading at a 15 per cent discount to the market and look cheap for the moment.

P&O ferries weather the storm

By Simon Davies

The Peninsular and Oriental Steam Navigation Company's ferries business put in a strong performance in the second half, and Lord Sterling, chairman, said bookings were 30 per cent higher than a year ago.

The ferry operations, separated for the first time in the group's accounts, made profits of £81.7m for the year to December 31, up from £72.9m. The Channel Tunnel will undoubtedly affect revenue, but its late opening should at least secure flat 1994 earnings.

Lord Sterling said excess capacity on the cross-Channel business could be moved to profitable European routes.

● **COMMENT**

The market was pleased with the group's results and the evidence that dividends will finally be covered by recurrent earnings in 1994. Brokers have upgraded forecasts, but assuming £320m profits in 1994, the shares are on a p/e of 18.5 and a defensive yield of 4.4 per cent, assuming no increase in dividend. P&O has weathered the recession without jettisoning capacity, and now offers exceptional operational gearing, particularly on the container shipping side. The Channel Tunnel may haunt sentiment, but recent investment sales hinted at P&O's underlying asset value and earnings are on a strong cyclical upswing, even without expected property sales. The shares look attractive, even after yesterday's 4 per cent rise.

Ex-Lands lower

Lower profits from sales of stakes in subsidiaries left Ex-Lands' pre-tax profits for the six months to December 31 lower at £484,000, against £822,000.

Turnover was higher at £1.23m (£731,000).

Earnings per share came out at 0.68p (1.19p).

Monument rises 65% in spite of weakening oil prices

By David Lascelles, Resources Editor

Monument Oil and Gas, the independent exploration and production company, raised pre-tax profits by 65 per cent last year despite the steady weakening of the oil price.

The company earned £7.86m in the year ending December 31, up from £4.79m the year before. The profit attributable to shareholders nearly doubled from £4.12m (equivalent to earnings of 0.62p per share) to £8.11m (1.22p). As in previous years, the directors are proposing to reinvest profits rather than pay a dividend.

Monument said the result showed the benefit of its policy of realising the value of mature properties, mainly in the North Sea, and replacing these reserves with new, lower cost developments. A major factor in the improved result was a reduction of the depletion charge from £16m to £10.1m as a result of the transition to lower cost fields.

The main challenge during the year was securing the £300m financing for its major Liverpool Bay gas development, which received the go-ahead after some concern that it might be stopped by the government to avoid damaging the coal market.

Overall production in 1993 averaged 7,300 barrels of oil equivalent per day, down from the previous year. But output should rise to 30,000 barrels by mid-1996 when the Liverpool Bay, Johnston and Sierra Chata fields come fully on stream. Monument said its policy of active asset management, exploration and cost cutting placed it well for continued growth.

Ruberoid beats flotation forecast with £7.1m

By Peggy Hollinger

Ruberoid, the roofing subsidiary spun off by Tarmac, yesterday marginally beat the forecast made when it floated in November with pro forma pre-tax profits of £7.1m for the year to December 31.

Mr Ian McPherson, chief executive, offered cautious encouragement to Ruberoid's new shareholders by saying confidence appeared to be returning to some sectors. The leisure and health markets, in particular, had begun to show tentative signs of life.

Turnover was expected to rise this year, Mr McPherson said, although "it will be 1995 before there is a noticeable upturn in commercial and industrial new build activity".

Contracting orders were about 20 per cent ahead of last year, excluding the effects of wet weather which hinders construction activity.

Mr McPherson said the group intended to focus this year on improving margins through cost reductions and getting synergies from businesses previously run as separate entities. So far, Ruberoid had made cost savings of about £10m year on year, and a further £1m was expected to be squeezed out this year.

Ruberoid was created in November to hold businesses spun off by Tarmac. As a result, the accounts cover only the trading period to December 31. These showed pre-tax profits of £86,000 on sales of £42.85m.

On a pro forma basis, which assumes all the businesses had been trading together for 12 months, profits were £100,000 ahead of expectations at £7.1m, on sales of £232.6m.

Two of the three divisions showed operating profit increases. Cost reductions helped the building materials business return operating profits of £4.7m, against £2.5m last time. Sales were £400,000 ahead at £44.2m.

A rationalised building services reversed losses of £800,000 into profits of £500,000. Sales fell from £117m to £84m.

The European division was hit by margin pressure in France and the Netherlands. Profits fell from £3.5m to £2.9m. Sales were £1.6m higher at £104.4m.

The dividend was 1.8p per share. Pro forma earnings were 10.6p. The group's shares, issued at 150p, closed in a declining market yesterday 2p down at 193p.

Further expansion in US for Williams

By Peggy Hollinger

Williams Holdings, the industrial conglomerate, yesterday announced its second US acquisition in three months with the $50m (£34m) purchase of Forney International, a provider of burner management systems for power stations.

Williams is paying $41m in cash for Texas-based Forney, and is taking on debt of $9m. Forney's net assets after completion are estimated at $12m.

Mr Nigel Rudd, Williams chairman, said the acquisition would reinforce the group's presence in the rapidly-growing third world market. "It is a real growth business," Mr Rudd said.

The acquisition was expected to be neither earnings dilutive, nor to be significantly enhancing in the current year.

Analysts said the purchase was slightly pricey, but made strategic sense. It follows hard on the heels of the acquisition of the Corbin & Russwin locks business in January for $80m. There was substantial scope to increase margins, analysts said, which would bring substantial returns in 1995.

However, "the problem is that it is doing damage to the balance sheet," said Mr Richard Rae, conglomerates analyst at Hoare Govett.

The broker estimates that after the goodwill write-off, Williams' gearing will rise from 60 per cent to more than 70.

The group is forecast to generate cash of £35m this year, which leaves year-end forecasts for gearing about 12 points higher than previously at 56 per cent.

Net assets rise at Thornton Asian

Net asset value per share at Thornton Asian Emerging Markets Investment Trust improved from 87.1p to 167.5p over the year to December 31.

Net earnings for the year was £886,000 (£322,000) for earnings per share of 0.88p (0.32p). A single final dividend of 0.5p (0.3p) is proposed.

City Airport losses coincided with problems in other activities

Mowlem to repair balance sheet

By Andrew Taylor, Construction Correspondent

Sir Philip Beck: the airport investment will come right

John Mowlem's problems with London City Airport emphasises the serious risks undertaken by construction companies investing large sums in expensive high profile privately financed infrastructure projects.

These can cause intense balance sheet problems for investors like Mowlem – which owns 90 per cent of London City Airport – if traffic fails to live up to expectations and they are faced with repaying large borrowings and funding operational costs from reduced income.

Government, bankers and construction industry executives examining ways of attracting more private money to pay for large scale roads and railway investments such as the Channel tunnel rail link, might do well to heed Mowlem's experience.

The company's adventure in east London would have caused serious problems even if its main businesses of contracting and supply scaffolding and construction equipment had not gone into recession.

A £33m provision imposed in 1992 to cover losses at the airport ran out two years ago and last year the airport lost a further £4.8m. Sir Philip Beck, chairman, is convinced the investment will eventually come right. Passenger figures in the last few weeks, he says, have been close to levels needed for break-even.

The airport estimates it needs 500,000 passengers a year to break even compared with 245,000 last year, well below levels expected when it opened.

Mowlem has previously announced that it plans to sell the airport and says the rights issue will enable it to achieve a better price without being forced to make a "distressed sale."

Disposals during the past 18 months have raised about £100m. Even so Mowlem's net debt at end-February was £76m and is heading for a peak of about £100m this year compared with shareholders' funds, before the rights, of £91m.

Its difficulties have been compounded by problems elsewhere in its business as UK construction output has fallen. The scaffold and access equipment contracting hire and sale companies, in hindsight, entered the recession carrying too much excess fat.

This is evidenced by the surgery which Mr John Marshall, chief executive designate, has carried out in the last 18 months, reducing the division's workforce by more than a fifth and cutting overheads in the UK and continental Europe by more than £20m.

The division made a £600,000 pre-tax loss last year but in better times was capable of achieving pre-tax margins of 10 per cent on annual sales of more than £300m. With costs under control it should be able to achieve that again as construction markets improved, Mr Marshall said.

Capital expenditure, however, will need to increase. This has fallen from £40m in 1990 (perhaps not the best time to have been spending large sums with the UK construction industry in recession) to just £14m last year.

Nonetheless, the group is starting to reap the benefit of previous cost reductions. Profits at SGB Youngman, the UK hire and sale business, have risen sharply recently.

UK building and civil engineering has generally been resilient, achieving profits of £11.9m on a turnover of £703m last year – an operating margin of 1.7 per cent, which compares favourably with other large UK contractors.

The division's performance, however, has been soured by difficulties over a couple of UK power station and chemical plant contracts as well as minor problems in Germany and the US which means that after provisions the division made a £4m trading loss.

Mr Marshall said a stronger balance sheet would make potential large customers feel more comfortable and enable the company to tender for a wider and more profitable range of work – particularly if it was not having to incessantly chase cash – with the aim of restoring margins to at least 2 per cent on a turnover of £1bn.

On this basis the group, with better management controls and properly targeted capital expenditure should be capable of returning pre-tax profits of £40m, said Mr Marshall. He did not expect this target to be achieved, however, before 1996.

The extent to which some of Mowlem's wounds may have been self-inflicted may be gauged by the sweeping senior management changes which have occurred both at board and divisional level over the past 18 months.

The company had little choice but to refinance with a rights chosen as the best solution after consultation with its institutional shareholders and bankers. The institutional shareholders are supporting the group by sub-underwriting the issue. Yesterday they seemed likely to get left with a sizeable tranche of shares. Their hope must be that the bottom has now been reached and things can only get better.

Dowding doubles to £3.34m

By Andrew Bolger

Dowding & Mills, the electrical and mechanical repair company, nearly doubled pre-tax profits from £1.77m to £3.34m in the six months to December 31.

Mr Peter Hollings, chairman, said the improved first-half results were mainly because of increased productivity and cost control rather than an overall increase in activity. Sales rose from £41.2m to £45m.

Earnings per share increased to 1.37p (0.61p). The interim dividend increased to 0.94p (0.92p).

The group said that trading at the start of the second half had continued at a similar level to the first, and if this trend continued then profits for the full year would be ahead of last year's £5.04m.

Mr Hollings said: "The decline in activity in the UK over each of the last three years has finally ceased and production has levelled out, whilst elsewhere in Europe business remains difficult with no signs of immediate improvement."

He added that the level of activity in American operations continued to be satisfactory.

Following a reduction last year, expenditure on plant and equipment had increased to £1.24m (£655,000), while gearing was maintained at 19.2 per cent.

Abbeycrest jumps 32% to £1.8m

By Reg Vaughan

Abbeycrest, the designer and manufacturer of gold and silver jewellery, yesterday announced pre-tax profits 32 per cent ahead to £1.78m for the year ended December 31 on turnover which rose by 17 per cent to £51.9m.

At this level the profit is still way below the record of £6.8m achieved in 1989.

The shares closed at 109p, down 6p.

Mr Michael Lever, chairman, said that progress was encouraging during the year and despite flat conditions the group had increased its market share, with maintained operating margins.

He added that he was cautious about projecting current levels of business forward, but reported that turnover and order books were ahead of 1993 and that he expected further progress in the current year.

The chairman said that sales to the catalogue shops and home shopping sector increased significantly. The group now exports to 20 countries, and turnover in overseas markets grew to £5.1m.

Earnings per share rose by 37 per cent from 3.8p to 5.2p while the dividend is maintained at 3.2p with a final of 2p.

Year end gearing went up from 7 per cent to 40 per cent. This reflected higher levels of activity in November and December and increased projections for the early part of 1994.

The group's year end is to be changed to February and the next accounting period will be for 14 months.

MJ Gleeson flat at £4.1m

By Paul Taylor

MJ Gleeson Group, the Surrey-based construction, housebuilding and property concern, yesterday reported flat pre-tax profits of £4.1m for the six months to December 31, compared with £4.06m.

Turnover slipped to £79.6m (£80.2m), but operating profits increased by 6.6 per cent to £3.78m (£3.55m).

This improvement was partly offset by a decline in interest receipts to £336,000 (£564,000) while interest costs fell from £48,000 to £22,000.

Earnings per share were very slightly lower at 27.06p (27.09p) partly reflecting a marginally higher £1.37m (£1.35m) tax charge, and the interim dividend is maintained at 3.35p.

Despite a small increase in UK contracting turnover, the directors said the profits contribution from the construction operations was very modest and added that, "trading conditions in this sector seem likely to remain difficult for some time."

However, the group said the upturn in the housebuilding market, which became apparent last year, has been sustained and the turnover of Gleeson Homes was significantly higher during the latest period than a year earlier.

Provided that house buyers' confidence is not adversely affected by the forthcoming increases in personal taxation or other factors, the directors said they expected to sell a record number of homes this year.

As a result they were "cautiously optimistic" that overall trading profits for the year would be satisfactory.

R H Lowe loss rises to £11.9m

Including £7.83m of goodwill from discontinued operations previously written off, Robert H Lowe, the sportswear, printing and packaging concern, showed pre-tax losses of £11.88m for the year ended November 5 1993, compared with £1.98m.

Turnover totalled £26.47m against £32.24m, which included £10.46m (£12.4m) from ongoing businesses. Operating profit was £1.19m (£1.3m). Shareholders' funds were £402,000 (£4.49m).

Losses per share were 26.45p (5.87p).

Silver climbs to 4¼-year high

By Kenneth Gooding, Mining Correspondent

The US investment funds that are attempting to force up the silver price helped push it to 574.75 cents a troy ounce in London early yesterday, its highest point since November, 1989. The market failed, however, to breach the important technical level of $575 an ounce and fell back to close in London at $570.5, up 5 cents on the day.

Hedge funds, including the Quantum Fund operated by Mr George Soros, the high-profile financier and currency speculator who started the run-up in the gold price about this time last year, are rumoured to have spent US$1bn to buy physical silver.

"There certainly does seem to be an investment programme under way in silver by some of the big US hedge funds," said Mr Ted Arnold, metals specialist at the Merrill Lynch financial services group, in his latest analysis of the market. "They are prepared, my informants say, to put in another $1bn. Their spot price objective, it is generally agreed, seems to be $8 an ounce."

Mr Tony Warwick-Ching, analyst at the CRU International consultancy group, said the outlook for silver was certainly better than for some time following three years of supply deficits. But he estimated there was still between 10,000 and 15,000 tonnes of silver in stocks world-wide, enough to satisfy demand for at least a year.

The US funds were attracted to silver partly by a big buying spree in India following liberalisation of import restrictions there last year – CRU estimates India imported 2,800 tonnes in 1993 compared with 800 tonnes the previous year. Mr Warwick-Ching pointed out that Indian demand had dropped dramatically when the silver price reached $5 an ounce, showing how price sensitive it was. "And India could start selling again," he warned. "India exported a great deal of silver when the price boomed in the early 1980s."

Private finance planned for Codelco

By David Pilling in Santiago

Non-core divisions of Codelco, Chile's state copper company, will be allowed to raise private finance and to form joint ventures if proposals put forward yesterday by Mr Juan Villarzú, Codelco's new president, are accepted.

Mr Villarzú said non-copper divisions, such as the 530MW Tocopilla power station, would be able to raise finance through flotation of shares or the issue of bonds. This would allow Codelco to concentrate on exploiting, refining and selling copper, he said.

To recovery efficiency, lost largely during the military regime, Codelco would need to increase its annual investment budget to $400m-$450m, to be spent primarily on the expansion of Andina and the start-up of Radomiro Tomic.

Mr Villarzú set targets for the year 2000, which he said were "tremendously demanding" but "achievable". These were: to cut output costs to 50 cents a pound from 69 cents; to raise productivity by 8 per cent a year to 80 tonnes of copper annually per worker; to halve the accident rate; and to spend 15 per cent of the annual budget on improving Codelco's patchy environmental record.

To sharpen Codelco's management structure, Mr Villarzú confirmed his intention to allow divisions to operate autonomously under the umbrella of a holding company. He also said he wanted to change the "anomalous" role of the board of directors which currently has little control over the day-to-day running of the company.

Codelco would no longer speculate on metals futures, Mr Villarzú said, but would continue to use the market to cover risk. Mr Juan Pablo Dávila, the former trader accused of losing Codelco $206m, was charged earlier this week with defrauding the state.

Opec expected to maintain output

By Robert Corzine in Geneva

The Organisation of Petroleum Exporting Countries meets in Geneva today to debate whether to cut production in the hope that it will lift prices.

Market expectations are that the 12 oil ministers are most likely to simply roll over the 24.52m-barrels-a-day production ceiling agreed last September. This has been generally adhered to since it was set as part of an effort to curb Opec over-production, which drove down prices for much of last year.

The ceiling, however, proved to be too high in light of a surge in oil production from non-Opec countries, in particular from British and Norwegian fields in the North Sea. The added pressure sent prices tumbling to five-year lows earlier this year.

In recent weeks severe winter weather in the US boosted demand and helped to underpin oil markets. But prices have struggled to rise above the $13 to $14 a barrel range for the benchmark Brent Blend North Sea crude.

The consequent financial pressure has caused even the wealthiest Opec states, such as Saudi Arabia and Kuwait, to rein in budgets. The impact on the poor and populous Opec members such as Iran and Nigeria has been such that some observers predict that their fragile political stability may be undermined unless oil revenues can be increased.

The roll-over option is unlikely to bring about any short-term relief for producers. But it is supported by analysts who predict that demand for Opec oil is likely to grow later in the year. "They don't need to make any grand gestures," according to Dr Leonidas Drollas, economist at the London-based Centre for Global Energy Studies.

"Stocks are not that high and the call on Opec oil is roughly at current [production] levels."

An Iranian delegate yesterday indicated that a roll-over was not the favoured option. But analysts say Iran may be struggling to maintain current output. It might therefore welcome a cut in the ceiling rather than fight off claims by other members to any unused portion of its quota.

A small cut of 500,000 b/d or so would be unlikely to impress the markets, however. "What is the point of a symbolic cut," asks Mr Mehdi Varzi, director of energy research at London brokers Kleinwort Benson. "If they cut, they have to make it convincing."

But Saudi Arabia, Opec's dominant producer, is known to object to any strategy that would result in non-Opec producers winning additional market share. It is also worried that a large cut would trigger renewed over-production by some members.

Opec efforts to involve independent producers in a co-ordinated cut have so far not borne fruit. But the possibility of some form of non-Opec co-operation could be "the joker in the pack" at today's meeting, according to Mr Varzi.

Ploughing up profits in Pakistan

Farhan Bokhari on the financial shenanigans of the 'tractor Mafia'

Mr Saeed Ahmed, a tractor dealer, points to a brand new Massey Ferguson tractor parked in his showroom, just outside Lahore-Pakistan's second largest city, and offers to sell it for 10 per cent less than the factory price. The only catch is that the tractor cannot be legally transferred to its new owner for another 8 years.

We are at Shadab Tractors, where a consignment has just been released from the factories after payment of loan money. Many buyers, however, have no intention of taking delivery. They prefer to sell on at a discount, knowing they can repay the loans at interest rates up to 10 per cent below commercial bank rates, or even default without worrying too much about banks calling in collateral.

Farmers who own at least five hectares of land are eligible for Agricultural Development Bank of Pakistan loans. But banks in general have few successes in recovering bad debts, largely because of a lax legal system which sometimes allows civil cases to drag on for several years. Almost 30 per cent of the US$100m Pakistani farmers spend each year on tractors comes from on loans that eventually turn bad, senior ADBP officials acknowledge.

"There is almost a tractor Mafia out there," says a senior executive at Al-Ghazi, the Pakistani affiliate of Fiat. Mr S.A. Khan, General Manger of Fecto, which assembles Belarus tractors, imported from Russia, explains: "Certain people buy the tractors and sell them in the open market to make money. Recovery [of loans] is a difficult exercise".

Such concerns have been getting wider attention since last summer, when the government of Mr Moeen Qureshi, the former prime minister, began a campaign to recover loans. That campaign began because the credit system, set up initially to help poor and middle income farmers to mechanise their farms and increase productivity, was in danger of collapsing. But the five-month old government of Ms Benazir Bhutto has shown little enthusiasm for following up Mr Qureshi's initiative.

Some ADBP officials warn against aggressive measures to recover loans. "We know that we are only able to recover up to 70 per cent loans. But then, taking tough action against farmers is also politically sensitive. There would eventually be an uproar in the parliament," says one. Others complain that the tractor business has increasingly become a form of patronage by politicians in successive Pakistani governments, who have tried to appease constituents through supporting the sanction of such loans.

Mr Nawaz Sharif, the former Prime Minister, who stepped down in July, last year, announced a "yellow tractor scheme", designed to charge a 10 per cent down-payment up front while recovering the rest in easy installments from farmers. The scheme, which could have created another financial nightmare, was abandoned by the new government, when officials argued that it was only meant to attract voters during the election campaign rather than becoming the basis for improving crop output.

Some other businessmen acknowledge that the procedures involving the disbursement and recovery of tractor loans ought to be tightened, but also argue that farmers must be encouraged to use their tractors more efficiently as a step towards improving agricultural output.

"People who have got tractors are not fully utilising them. They are not using the right kinds of implements," says Mr Sikandar Khan, Chairman of Millat Tractors, referring to the argument by many experts that Pakistani farmers have yet fully to appreciate the possibilities of tractors, rather than using them only for tillage and towing trolleys.

"The yield per acre in Pakistan is one of the lowest in the world. It is farm mechanisation that is going to pick us out of that."

Tractor loans could well be central to political concerns in rural constituencies, but it remains unclear whether the government can continue to subsidise sales through this discreditied system.

Ireland awards exploration licences

By Tim Coone in Dublin

Ten companies, grouped into five consortia, have been awarded petroleum exploration licences under Ireland's 1993 "frontier" licensing round.

The 16-year licences cover 28 of the 128 blocks in the Slyne and Erris Troughs lying some 70km off the west and north-west Ireland, and represent the first major offshore exploration effort in the Republic since the early 1980s.

The licence terms require some 5,000km of seismic and other geophysical testing to be carried out, followed by the drilling of exploration wells.

Eleven of the 28 blocks have been licenced to a consortium headed by Statoil (UK), a wholly-owned subsidiary of Statoil, the Norwegian state oil company.

In announcing the licence awards this week, Mr Noel Treacy the Irish energy minister, said the response to the round had been "very encouraging and vindicates our recent efforts to promote offshore exploration, particularly the 1992 licensing terms and taxation measures".

These measures include a concessionary corporation tax rate of 25 per cent for companies producing oil and gas under licence.

The Slyne and Erris Troughs lie in water depths ranging from 200m to over 1,000m, and is a relatively unexplored area, having had only three exploratory wells drilled to date, although seismic surveys carried out in 1991 and 1992 suggested a "significant potential" for both oil and gas.

The current licensing round, covering 178 blocks in the Porcupine Basin off the west of Ireland, closes in December this year.

Existing gas reserves in Ireland, at the shallower Kinsale and Ballycotton fields, are expected to be exhausted shortly after the year 2,000.

MARKET REPORT

Coffee ignores retention cut

The London Commodity Exchange **COFFEE** futures market shrugged off confirmation yesterday morning that the recent rise in prices had triggered the halving to 10 per cent of the amount of exports producing countries are obliged under their retention scheme to withhold from the market. And in the afternoon it kept its head in the face of a decidedly shaky New York market.

At the close the May position stood at $1,360 a tonne, $8 below the peak reached earlier but still $13 up on the day.

At the London Metal Exchange an expected break below support levels in the **COPPER** and **ALUMINIUM** markets did not materialise as late bouts of short-covering in the afternoon mingled with trade and commission house buying to stem early losses.

Dealers said both metals were under pressure from the outset, although solid underlying chart patterns remained supportive.

Three months delivery copper spent most of the day probing below the $1,940 support level but as the selling pressure lifted slightly prices moved higher.

LME stocks and deteriorating charts continued to erode **ZINC'S** recent gains, while **LEAD** prices eased further, with traders suggesting that a test of underlying support at $450 a tonne was likely to be made soon.

Compiled from Reuter

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1301-2	1326-7
Previous	1313-4	1338-8.5
High/low		1336/1318
AM Official	1294-5	1318.5-9.0
Kerb close		1324-4.5
Open int.	269,049	
Total daily turnover	45,786	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1270-80	1285-7
Previous	1265-70	1285-90
High/low		1285/1285
AM Official	1254-5	1265-70
Kerb close		1280-85
Open int.	4,593	
Total daily turnover	623	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	451-2	465-6
Previous	460-1	474-4.5
High/low		474/462
AM Official	450-0.5	464.5-5.0
Kerb close		464-5
Open int.	35,587	
Total daily turnover	4,170	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	5685-95	5750-60
Previous	5660-70	5725-30
High/low		5770/5700
AM Official	5695-70	5730-32
Kerb close		5740-5
Open int.	51,004	
Total daily turnover	10,001	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5450-60	5500-10
Previous	5470-80	5520-30
High/low	5420	5520/5480
AM Official	5420-25	5475-80
Kerb close		5490-500
Open int.	19,542	
Total daily turnover	3,327	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	942-3	962-3
Previous	951-2	971-2
High/low		963/957
AM Official	938-9	959.5-60
Kerb close		960-1
Open int.	105,838	
Total daily turnover	30,555	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1928.5-9.5	1941-2
Previous	1948.5-9.5	1958-9
High/low	1927	1948/1936
AM Official	1926.5-7.5	1939-40
Kerb close		1936-7
Open int.	212,864	
Total daily turnover	57,897	

■ LME AM Official £/$ rate: 1.4934
LME Closing £/$ rate: 1.4955

Spot 1.4943 3 mths:1.4897 6 mths:1.4871 9 mths:1.4851

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	Low	Open int	Vol
Mar	90.00	-1.15	90.60	89.80	1,754	283
Apr	89.90	-1.15	90.10	90.10	1,128	5
May	89.80	-1.10	90.75	89.60	42,258	7,089
Jun	89.75	-0.95	89.85	89.85	921	2
Jul	89.70	-0.85	90.60	89.50	13,810	1,170
Aug	89.65	-0.85	-	-	488	4
Total					71,528	8,756

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	387.00-387.40	
Opening	388.60-389.00	
Morning fix	390.30	261.367
Afternoon fix	390.40	261.224
Day's High	391.50-391.90	
Day's Low	386.60-380.20	
Previous close	388.70-389.10	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month .... 3.24 6 months 3.50
2 months .... 3.31 12 months 3.64
3 months 3.38

Silver Fix	p/troy oz.	US cts equiv.
Spot	384.80	574.75
3 months	389.45	579.90
6 months	394.25	586.90
1 year	404.50	599.80

Gold Coins	$ price	£ equiv.
Krugerrand	390-393	261-264
Maple Leaf	401.80-404.30	-
New Sovereign	93-96	62-65

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	391.9	+4.5	392.7	390.2	48,159	29,612
May	393.1	+4.5	392.6	392.6	2	2
Jun	[illegible]					

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

■ CRUDE OIL IPE ($/barrel)

■ HEATING OIL NYMEX (42,000 US galls; c/US galls)

■ GAS OIL IPE ($/tonne)

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

■ UNLEADED GASOLINE NYMEX (42,000 US galls; c/US galls)

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	107.45	+1.10	107.45	106.75	1,603	263
Jun	108.40	+1.25	108.40	107.50	522	60

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

■ BARLEY LCE (£ per tonne)

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

■ SOYABEAN MEAL CBT (100 tons; $/ton)

■ POTATOES LCE (£/tonne)

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	1213	+6	-	-	284	-
Apr	1272	-6	1281	1276	971	18
May	1264	-13	1276	1271	619	22
Jul	1143	-3	-	-	565	-
Oct	1280	+1	1290	1285	216	10
Jan	1320	-15	1320	1320	119	20
Total					2,853	71

	Close	Prev
BFI	1190	1179

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	920	+8	920	910	47	524
May	945	-2	953	942	23,265	1,882

■ COCOA CSCE (10 tonnes; $/tonnes)

■ COCOA (ICCO) (SDR's/tonne)

■ COFFEE LCE ($/tonne)

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

■ COFFEE (ICO) (US cents/pound)

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

■ WHITE SUGAR LCE ($/tonne)

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	77.25	-0.42	78.20	77.17	21,898	10,314
Jul	77.82	-0.33	78.70	77.60	14,479	3,468
Oct	74.40	+0.18	74.58	74.25	2,771	311
Dec	71.84	+0.24	72.09	71.67	14,413	2,257
Mar	72.90	+0.45	72.90	72.70	719	340
May	73.45	+0.20	73.15	73.15	225	11
Total					54,644	16,691

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	110.45	-0.05	110.95	110.15	7,989	593
Jul	113.40	+0.10	113.75	113.10	5,703	365
Sep	116.00	+0.25	116.25	115.60	2,196	77
Nov	114.50	-0.30	114.50	114.60	1,236	46
Jan	114.90	+0.10	115.00	114.60	1,762	56
Mar	116.40	+0.10	116.50	116.40	218	49
Total					19,104	1,188

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	78.250	-0.225	78.525	78.125	32,612	5,411
Jun	74.250	-	74.475	74.125	23,678	2,694

■ LIVE HOGS CME (40,000lbs; cents/lbs)

■ PORK BELLIES CME (40,000lbs; cents/lbs)

LONDON TRADED OPTIONS

■ ALUMINIUM (99.7%) LME

■ COPPER (Grade A) LME

■ COFFEE LCE

■ COCOA LCE

■ BRENT CRUDE IPE

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/May)

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

■ OTHER

WOOL
Australian wool prices showed a very slight overall rise this week taking the market indicator 4 cents up to 556 cents a kg., having touched 560 cents on an intervening day. If anything the week ended a little softness among finer merinos but not enough to disturb market sentiment unduly. Some stockpile wools sold quite well in Melbourne, the first to be sold by auction, with larger offerings next season a possibility. Australia is now closed for auction purposes until after Easter. Business in wool textile products generally is not as active as strength in wool markets indicates. Prices are intensely competitive and stocks of tops are heavy enough to prevent buyers from getting too concerned about rising prices. Only in the carpet sector have developments led to pressures further down the trading line.

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Mar 24	Mar 23	month ago	year ago
1843.8	1843.7	1793.2	1759.2

■ CRB Futures (Base: 4/8/56=100)

Mar 23	Mar 22	month ago	year ago
230.10	229.41	227.47	211.61

CROSSWORD

No.8,413 Set by GRIFFIN

ACROSS
1 Strolling after midnight is taking a risk! (8)
5 Still cold on leaving rail terminal earlier (6)
10 To be paid nothing to fly (5)
11 Catholic girl: I've run off before (9)
12 Way to pay for child's play periods (4,5)
13 Father leaves the pair of them (5)
14 Endlessly question government representative (6)
15 Settling a feud lieutenant reveals failure to pay (7)
18 Irritable father replaced flute (7)
20 Dirty food gets through (6)
22 Some day Bill will go back here (5)
24 Also chat about man's pain (9)
25 Cans are better with rings (9)
26 At sea until dark (5)
27 The Tory leader's superfluous supposition (6)
28 Campaigner's back as captured by vulgar ringleader (8)

DOWN
1 Screw into large screwed hole (6)
2 Misses Eton badly (it's in Kent) (9)
3 Here is a flag that could be of infinitesimal weight (5,2,1,7)
4 Not the gear you'd be in if going places? (7)
6 Further towns you must go round one day (6-4,5)
7 Lawrence was sitting up before getting smack (5)
8 Star bowled without speed (8)
9 Girl and boy failed to make contact (6)
16 Unfastened and repaired after being distorted? (9)
17 Find starting easy after article's loaded (8)
19 Hidden talent is developed (6)
20 George goes round to wake the one who complained! (7)
21 Are the switches for the fire? (6)
23 Grab back end of huge boat (5)

Solution 8,412

JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

Bond weakness returns and hits share prices

By Terry Byland,
UK Stock Market Editor

UK stocks suffered a further setback yesterday as European and US securities markets continued to grapple with the uncertain interest rate outlook. British government bonds fell heavily after sterling weakened against the German mark, and although London stocks bounced back from the day's lows, the closing picture was darkened by a 50 point fall in early dealings on Wall Street as more US banks raised prime rates.

The session opened fairly calmly, with European markets at first taking a favourable view of a sharp rise in February M3 money supply in Germany. Later, however, opinions on the German money data changed and doubts were cast over the Bundesbank's chances of cutting its discount rate.

Equities were overshadowed from the opening by news of a £651m rights issue from Allied Lyons to help fund its purchase of Pedro Domecq, the Spanish drinks group. Shares in Allied fell heavily, and the Footsie Index was also hit by a sharp setback in Wellcome after the interim trading statement was received badly by City analysts.

Interest rate optimism continued to recede in London as investors digested the implications of the Retail Price Index news of the previous day. However, not all analysts were bearish; several leading brokers remained confident that base rates will be cut next month and urged fund managers to see the present shakeout in equities as a buying opportunity.

Account Dealing Dates		
*First Dealings: Mar 14	Mar 28	Apr 11
Option Declarations: Mar 24	Apr 7	Apr 21
Last Dealings: Mar 25	Apr 8	Apr 22
Account Day: Apr 5	Apr 18	May 3

*New time dealings may take place from two business days earlier.

The fall in the Footsie was held to around 20 points until the second half of the session when losses in government bonds were extended to nearly two full points at the longer end. The Footsie dropped to 3,111.8, a net loss of 43.5, as pressure from stock index futures cut into the blue chip stocks.

Although bonds remained depressed, the stock market rallied, helped by encouraging post-results meetings with analysts at Sun Alliance and P & O. Once again, the stock market escaped heavy selling, and it was the futures markets which took the brunt.

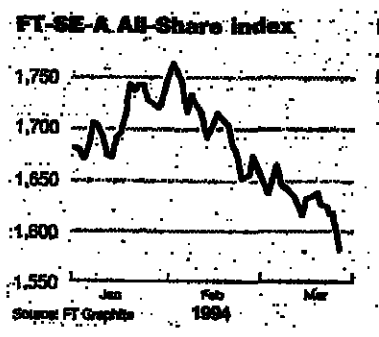
The final reading showed the FT-SE Index at 3,121.7, with the day's fall reduced to 33.6 points. Traders again pointed out that the Footsie lacks a support level above the 3,080 area and is vulnerable to any selling pressure. Some institutional selling was reported yesterday but the day's Seaq total of 703.5m shares compared with 714.5m in the previous session. On Wednesday, retail, or customer business was worth £1.79bn, well up to the best daily average levels of the past twelve months. Institutions tend to make their immediate move in the futures markets, and trade the individual stocks when market prices are suitable.

Some comfort was taken from the market's ability to rally, and also to show some resistance to the slide in the UK bond market. Analysts pointed to the steady flow of increased dividend payments from British companies, which was described as the more positive side to the pressures from economic recovery which are upsetting fixed interest markets.

The clear signs of dividend and earnings recovery now coming through in UK company results was put forward as the arguement for buying equities at a time when the bond market has become a high risk arena.

However, the markets this morning faces the March report on business trends from the Confederation of British Industries.

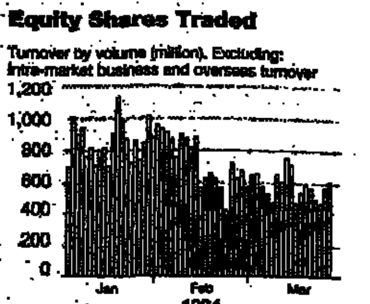
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



■ **Key Indicators**

Indices and ratios

FT-SE 100	3121.7	-33.6	FT Ordinary index	2468.5	-25.4
FT-SE Mid 250	3795.7	-29.5	FT-SE-A Non Fins p/e	21.07	(21.27)
FT-SE-A 350	1588.3	-16.0	FT-SE 100 Fut Jun	3125.0	-25.0
FT-SE-A All-Share	1581.44	-15.76	10 yr Gilt yield	7.68	7.41
FT-SE-A All-Share yield	3.66	(3.62)	Long gilt/equity yld ratio:	2.18	2.17

Best performing sectors

1 Insurance .... +0.7
2 Breweries .... +0.5
3 Extractive Inds .... +0.3
4 Transport .... +0.1
5 Distributors .... nc

Worst performing sectors

1 Spirits, Wines & Ciders .... -3.4
2 Building & Cons .... -2.8
3 Banks .... -2.1
4 Health Care .... -1.9
5 Leisure & Hotels .... -1.9

Wellcome hit by R&D fears

Shock news over its research and development programme took any potential shine off Wellcome's interim figures and saw the shares slide 51 to 550p the biggest drop in the Footsie, on turnover of 12m.

The fall continues a depressing trend for the hard hit pharmaceuticals group – last year's interim figures were accompanied by a 72-point tumble from just under 900p. It also reinforces the gloom for investors who paid around 800p-a-share for the 290m share stake sold by Wellcome Trust more than 18 months ago.

Wellcome's profits were within the range of analysts' estimates, but sales growth was significantly lower than most had anticipated. This was accompanied by news that the company had withdrawn a new anti-shingles treatment at a time when Zovirax, its headline anti-viral treatment, is coming under increasing competitive pressure.

The results may have been honey for the bears but supporters such as Lehman Brothers were clearly disappointed. Analyst Ms Jo Walton of the US house argued that Wellcome still offered the best value in the sector, but conceded that: "The risks throughout the whole pharmaceutical sector are extremely high." She shaved her full-year forecast by £20m to £700m after exceptionals.

Allied tumbles

The surprise £739m takeover by Allied Lyons of Spanish spirits group Pedro Domecq won plaudits from across the market, although the accompanying profits forecast proved disappointing. Allied suggested its profits for this year will come in at £604m, whereas drinks analysts had been expecting in the region of £625m. This was the chief factor in pulling down the shares, which tumbled 44 to 561p. There was also some concern at the deep discount of the 2-for-13 £651m rights issue priced at 490p.

The deal will catapult Allied from fifth to second in the spirits league table and give it critical mass in the lucrative Spanish and Latin American spirits markets. Mr David Thompson at Kleinwort Benson said: "This gives Allied a strong position in some of the best markets." Mr Geoff Collyer at NatWest Securities said: "This is an outstanding deal. Domecq has been one of the best performing spirits businesses of the last five years."

Allied's lower than expected profit forecast hit other spirits groups, with Grand Metropolitan sliding 10½ to 455p and Guinness 15 to 467p.

Better-than-expected preliminary results and a highly successful post-results meeting with insurance analysts saw Sun Alliance shares record the best individual performance in the FT-SE 100 index.

Sun Alliance shares closed a net 12 higher at 326p, after touching a session-best of 337p on exceptionally heavy turnover of 8.4m, the highest single-day's activity in the shares since December 1992.

Mr Youssef Ziai, insurance analyst at Morgan Stanley, said he was preparing to upgrade his current year forecast for Sun Alliance and reiterated his buy recommendation on the shares.

Shares in tobacco and insurance conglomerate BAT Industries failed to respond to a 25 per cent dividend hike and closed 5 lower at 454p. The conglomerate is the first UK company to take advantage of legislation going through parliament and declare that its final dividend is the result of foreign income and so not liable to advance corporation tax (ACT). The hike means that funds such as pension funds which are allowed to reclaim ACT will not lose out while straightforward investment funds will benefit. BAT believes about 40 per cent of its shareholding is with non-tax paying funds. Mr Nyren Scott Malden from BZW, the company broker said: "The market has given a grudging response to a company which is trying extremely hard to do right by its shareholders."

NEW HIGHS AND LOWS FOR 1993/94

NEW HIGHS (27).

BUILDING & CNSTRN (1) Edmond, BLDG MATLS & MCHTS (1) Grafton, CHEMICALS (5) BASF, Bayer, Hoechst, ICI, Wolstenholme Rink, DISTRIBUTORS (2) Glenchewton, SEP Ind., ELECTRNC & ELECT EQUP (2) Noida Prf., Thorpe (FW), ENG. VEHICLES (2) Daimler-Benz, Volkswagen, EXTRACTIVE INDS (1) Minorco, FOOD MANUF (1) Golden Vale, HEALTH CARE (1) Amersham Int'l., INVESTMENT TRUSTS (2) Fairbairn Euro. Smlr., London Amer. Growth, MEDIA (3) Hodder Headline, Telegraph, PRTNG, PAPER & PACKG (1) Wyndeham Press, PROPERTY (1) Ewart, SPIRITS, WINES & CIDERS (1) Seagram, SUPPORT SERVS (1) BNB, AMERICANS (3) Dana, Eaton, Varity.

NEW LOWS (54).

GILTS (20) DISTRIBUTORS (1) Trifast, ELECTRNC & ELECT EQUP (1) Roxboro, ENGINEERING (1) Ferrum, ENG. VEHICLES (1) Benson, FOOD MANUF (3) Canadian Pizza, Yorkshire, HEALTH CARE (3) Calais Int'l., Intercare, Shield Diagnostics, INSURANCE (1) Hiscox Select Insce. Fd., INVESTMENT TRUSTS (4) Baring Emrg. Euro, Do Wrts., Govett Emrg. Mkts. Wts., Johnson Fry Second Utls. Zero Pf., LEISURE & HOTELS (1) Hozelock, MEDIA (2) CentreGold, Gold Greenlees Trott, OIL EXPLORATION & PROD (1) Copleas, OTHER SERVS & BUSNS (3) Pleignum, Shanks & McEwan, PHARMACEUTICALS (4) Huntingdon Int'l., Proteus Int'l., Ransom (Wm), Wellcome, PRTNG, PAPER & PACKG (3) Crest Packaging, Parkside Int'l., PROPERTY (3) Chelsfield, UK Estates, RETAILERS, FOOD (1) Budgens, SUPPORT SERVS (2) Auto'ted Sec., British Data Management, TEXTILES & APPAREL (2) Cupid, Pentland, AMERICANS (1) NYNEX.

● Due to a technical fault, Thursday's edition carried a table of New Highs and Lows for 1993/94 unchanged from the previous edition.

The shock of a £63m rights issue, the passing of the final dividend and heavy losses for the year triggered a massive mark-down in shares of John Mowlem, the construction group.

Marketmakers chopped their opening price for the stock to 120p, attempting to stave off any avalanche of selling but nevertheless encountered a flurry of sellers who drove the price close 40 lower at 112p.

There was talk that Great Universal Stores (GUS) had settled a problem with the inland revenue over a plan to buy some of its shares back. The story, unconfirmed by the company, was first heard following its share restructuring late last year. GUS, which has over £1bn in cash, saw its shares climb 7 to 574p.

Anticipated good results from Morrison (Wm), the northern supermarket group, saw the shares edge up 3 to 120p. Results from Booker, which saw better than expected cash generation, helped the shares gain 18 to 429p. Allied Lyons' rights issue reminded the market of one of its perenniel favourites Cadbury Schweppes and the shares slid back 14 to 473p.

A buy note from Credit Lyonaise Laing helped Granada gain 3 to 545p.

Transport and construction group P&O was one of the best FT-SE 100 performing stocks after analysts upgraded profit forecasts following better than expected full-year figures. The shares jumped 27 to 695p. UBS turned buyer and raised its current year estimate by £40m to £320m.

Equipment and services group APV slipped 7 to 121½p, after reporting a fall in profits.

A two-way pull in business services group BET brought volume of 12m by the close, making it the day's most actively traded stock. The shares eased a penny to 128p. The company has been seeing analysts this week before going into closed season.

United Newspapers rose 5 to 641p after announcing figures at the top end of the range of analysts' forecasts.

The day's two new issues both made respectable debuts, considering the big losses across the market and the big tumble, around 6 per cent, the market has suffered since the stocks were priced.

Computer service solution group MDIS opened a couple of pennies below the issue price, but held up well, eventually ending the session at 257p after turnover of 5.5m shares.

Brightstone Properties, placed in the market at 125p, ended the day at 136p, albeit in thin trading of 223,000 shares.

There were, however, widespread fears that the flotation of Beazer Homes, hived off by the Hanson group, could see the shares open at a discount to the 165p issue price.

MARKET REPORTERS:
Christopher Price,
Joel Kibazo, Peter John,
Steve Thompson

■ Other statistics, Page 24

EQUITY FUTURES AND OPTIONS TRADING

Stock index futures were led lower by the sharp retreat in gilts, and fears of another fall today were heightened by a slide in the June futures contract in after hours trading, *writes Joel Kibazo.*

The Liffe June contract on the FT-SE 100 closed at 3,125, down 30 on its previous close and around 8 points below its fair value premium to cash of about 10 points. Volume at the official close was 18,246 contracts.

Buying mostly by independent traders (locals) helped the contract record a high of 3,164 in the first half of the session, before sellers gained the upper hand.

June suffered further in after hours trading following a slide in the S&P futures in the US which were down 7.7 points at the worst. It fell to 3,105 prompting fears of another sell off in the UK market today.

In the Liffe mid-250, June closed at 3,770 on favourable volume of 632 contracts.

In Liffe traded options, total volume slipped back to 41,170. The FT-SE 100 option saw business of 18,067 contracts and the Euro FT-SE 3,415 lots.

Among stock options, British Gas was the most active with a total of 2,382 lots and was followed by Kingfisher at 1,439. BT, Wellcome and Allied-Lyons were also busy.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3153.0	3125.0	-25.0	3164.0	3094.0	22069	57093
Sep	-	3142.0	-25.0	-	-	0	705
Dec	-	3151.0	-25.0	-	-	0	0

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

Jun	3810.0	3770.0	-32.0	3810.0	3769.0	632	1405

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

Jun	3810.0	3780.0	-30.0	3810.0	3785.5	7	769
Sep		3790.0					

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3124) £10 per full index point

	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P
Apr	184½	12½	139½	19	101½	32½	67½	50½	44	75½	24	107½	12½	147½	6	192½
May	283½	32	168½	44½	136	58	101	78½	74	101	53½	130½	36½	163½	23½	200
Jun			182	59½	148½	78	118½	98½	93	119½	71½	147½	52	177½	38	213
Jul	239	54½	193½	68	163½	87	135½	106	108½	131	88	159½	66½	188½	223½	53
Dec†			266½	125			194½	161			164½	206			108	261

Calls 11,040 Puts 7,501

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2925 C	2925 P	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P
Apr	201½	8	157½	16	116½	25	81½	38½	53½	60½	32	88½	18	124½	102	165½
May	222½	26½	183½	37	147	50½	114½	67½	88	88½	62	114	42½	144	28	179
Jun	231½	34½			169½	61½			102½	106			61½	160½		
Sep	276	65			209	95½			151½	135½			104½	186		
Dec†	313	96½			245½	126			189	164½			149½	212		

Calls 2,247 Puts 1,066 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3850 C	3850 P	3900 C	3900 P	3950 C	3950 P	4000 C	4000 P	4050 C	4050 P	4100 C	4100 P	4150	4200
Mar	30	107	18	135	9½	177½	4½	220	2½	270	1½	320		
Apr														

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm.

TRADING VOLUME

■ **Major Stocks yesterday**

	Vol. 000s	Closing price	Day's change
ASDA Group†	10,000	57	+1
Abbey National†	2,100	473	-5½
Albert Fisher	988	60	-1
Allied-Lyons†	9,500	561	-44
Anglian Water	1,200	494	-8
Argos	470	367	+½
Argyll Group†	3,600	292½	-2½
Arjo Wiggins†	320	294	+1
Assoc. Brit. Foods†	303	648	-11
Assoc. Brit. Ports	248	572	-6
BAA†	1,100	990	
BAT Inds.†	6,500	454	-5
BET	12,000	128	-1
BICC	1,300	434	+9
BOC†	677	708	-10
BP†	4,800	372	-5½
BPB Inds.	4,100	342	+4
BT†	6,700	398	-4½
BT (P/Paid)	3,300	278	-4½
BTR†	4,800	381½	-2½
Bank of Scotland†	1,400	198	-5½
Barclays†	3,800	525	-12
Bass†	1,100	521	+9
Blue Circle†	2,700	327	-11
Booker	1,500	429	+18
Boots†	1,200	535	-2
Bowater†	3,100	445	+7
Brit. Aerospace†	324	508	-7
British Airways†	4,000	421	-10
British Gas†	9,900	298	-5
British Land	317	407	-6
British Steel†	6,800	140¼	+1
Bunzl	3,400	188	-3
Burmah Castrol†	[illegible]	[illegible]	[illegible]
Burton	[illegible]	[illegible]	[illegible]
Cable & Wire†	[illegible]	[illegible]	[illegible]
Cadbury Schweppes†	[illegible]	[illegible]	[illegible]
Calor Group	[illegible]	[illegible]	[illegible]
Caradon†	[illegible]	[illegible]	[illegible]
Carlton Comms.†	[illegible]	[illegible]	[illegible]
Coats Viyella†	[illegible]	[illegible]	[illegible]
Comm. Union†	[illegible]	[illegible]	[illegible]
Cookson	[illegible]	[illegible]	[illegible]
Courtaulds†	[illegible]	[illegible]	[illegible]
Dalgety	[illegible]	[illegible]	[illegible]
De La Rue†	[illegible]	[illegible]	[illegible]
Dixons	[illegible]	[illegible]	[illegible]
Eastern Elec.	[illegible]	[illegible]	[illegible]
East Midland Elec.	[illegible]	[illegible]	[illegible]
Eng China Clays	[illegible]	[illegible]	[illegible]
Enterprise Oil†	[illegible]	[illegible]	[illegible]
Eurotunnel Units	[illegible]	[illegible]	[illegible]
FKI	[illegible]	[illegible]	[illegible]
Fisons	[illegible]	[illegible]	[illegible]
Foreign & Col.	[illegible]	[illegible]	[illegible]
Forte†	[illegible]	[illegible]	[illegible]
Gen. Accident†	[illegible]	[illegible]	[illegible]
General Elect.	[illegible]	[illegible]	[illegible]
Glaxo†	[illegible]	[illegible]	[illegible]
Glynwed	[illegible]	[illegible]	[illegible]
Granada†	[illegible]	[illegible]	[illegible]
Grand Met.†	[illegible]	[illegible]	[illegible]
GUS†	[illegible]	[illegible]	[illegible]
GRE†	[illegible]	[illegible]	[illegible]
GKN	[illegible]	[illegible]	[illegible]
Guinness†	[illegible]	[illegible]	[illegible]
HSBC (75p shs)	[illegible]	[illegible]	[illegible]
Hammerson	[illegible]	[illegible]	[illegible]
Hanson†	[illegible]	[illegible]	[illegible]
Harrisons Crosfield	[illegible]	[illegible]	[illegible]
Hays	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]

FT - SE Actuaries Share Indices — The UK Series

	Mar 24	Day's chge%	Mar 23	Mar 22	Mar 21	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3121.7	-1.1	3155.3	3201.5	3198.0	2852.8	3.88	6.06	19.91	23.12	1153.45
FT-SE Mid 250	3795.7	-0.8	3825.2	3853.1	3854.5	3113.6	3.21	5.29	23.28	14.80	1382.39
FT-SE Mid 250 ex Inv Trusts	3811.9	-0.8	3842.5	3872.0	3875.4	3137.0	3.33	5.70	21.77	14.40	1383.62
FT-SE-A 350	1588.3	-1.0	1604.5	1625.0	1623.6	1416.1	3.72	5.90	20.82	10.45	1200.67
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ FT-SE Actuaries All-Share

[illegible]

■ Hourly movements

[illegible]

■ FT-SE Actuaries 350 Industry baskets

[illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

[illegible]

FT GOLD MINES INDEX

[illegible]

RISES AND FALLS YESTERDAY

[illegible]

LONDON RECENT ISSUES: EQUITIES

[illegible]

RIGHTS OFFERS

[illegible]

FINANCIAL TIMES EQUITY INDICES

[illegible]

BANKS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£23⅛	-⅛	£25⅜	£18¼	6,522	4.8	φ
ANZ A$		248	-5¼	278¼	130	3,244	3.7	19.5
Abbey National	φN□	472xd	-5½	524	345	6,203	3.7	15.9
Allied Irish I£	φ□	251xd	-7	314	179	1,654	5.0	φ
Anglo Irish I£	MN□	59	-	*70	38	143.9	7.3	10.8
Asahi Y		893¼	+7½	844	415	18,088	0.7	-
Banco Bil Viz Pta		£15⅛	-⅛	£17¼	£13⅜	3,517	5.4	6.9
Banco Sant Pta		£31⅛	-	£36	£24⅛	3,913	4.3	12.1
Bank Leumi (UK)		490xd	-	450	325	35.2	5.8	φ
Bk Ireland I£	φxz□	253	-5	*316	177	1,192	4.9	18.7
Bank Scotland	φ†□	186	-5½	247	116½	2,165	3.1	25.3
9¼pc Pf		128¾	-1¾	141½	117¾	128.8	9.0	-
9¾pc Pf		135½	-2	148½	123½	135.5	9.0	-
Barclays	φN□	529xd	-12	652	382	8,526	3.6	26.8
Dai Ichi Kan Y		£12	-½	£15⅞	£9⅞	37,483	0.5	68.4
Deutsche DM		£316⅛	-2⅛	£348⅛	£250½	15,088	1.9	-
Espirito Santo		£21½	-⅛	£26⅛	£18½	229.9	3.7	5.2
First Nat Fin	N□	79	-	*95	45	130.9	2.4	-
8.3pc Cv Pf		88	-	*91	55	6.78	9.2	-
7pc Cv Pf		154½	-1½	171	106	73.3	5.7	-
Fuji Bank Y		1486¼	-3¾	1851	875	42,154	0.4	-
HSBC HK	□	781xd	-22	1133	474	13,714	3.8	φ
HSBC (75p Shs)	□	784xd	-19	1113	490	6,483	3.8	φ
Lloyds	N□	546xd	-6	690	492	7,016	5.1	11.5
Mitsubishi Y		£16	+⅛	£19¼	£11⅛	51,815	0.3	-
Mits Tst & Bk Y		961	+4¼	1027¼	462½	12,516	0.5	15.4
Mitsui Tst & Bk Y		721¼	+1¼	852	374	6,846	0.7	24.6
Nat Aust A$		564	-4¼	620¼	322	7,412	4.2	13.7
NatWest	φN□	458xd	-10	634	398	7,578	5.1	12.5
Ottomane Ffr		£30½	+½	£33	£23¼	152.5	4.9	8.9
Ryl Bk Scotland	φN□	403	-8	528	207	3,207	3.4	18.2
Sakura Y		£9⅛	-⅛	£11	£5¼	27,577	0.6	52.0
Sanwa Y		£14⅛	+⅛	£16	£7¼	41,497	0.4	-
Standard Chartd	φN□	1054xd	-20	1437	578	2,529	2.8	10.3
7 3/8pc Pf		94½xd	-1¼	108½	94	94.5	9.8	-
Sumitomo Y		£13⅛	-⅛	£16⅛	£8⅞	42,558	0.4	29.2
Sumitomo Tst Y		877	-7¼	898¼	437½	12,160	0.6	78.6
TSB	N□	212xd	-5	291	145½	3,243	4.5	14.5
Tokai Y		£7⅛	-	£9⅞	£4⅞	14,849	0.7	48.9
Toyo Tst & Bk Y		712¼	+13¼	840	411	5,597	0.7	63.5
Westpac A$		242	-3	280	121	4,242	2.3	φ
Yasuda Tst Bk Y	‡	587¼	+10½	690	343	6,152	0.9	49.7

BREWERIES

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Ascot Hldgs	□	7½	-	16½	4½	28.8	-	-
Bass	N□	521	+9	647	441	4,537	4.8	13.9
Boddington	φN□	270xd	-	298	189	325.6	3.7	13.7
Burtonwood		169	-	193	139	35.2	3.5	14.1
Eldridge,Pope A	‡N	160	-	181	75	31.2	2.8	22.2
Fosters A$		58	+1	70½	50	1,867	5.0	68.1
Fuller STA	‡†	448	-	460	336	89.3	2.1	18.5
Gibbs Mew	‡†	423xd	-	423	148	27.2	2.4	21.0
Greenalls	φN□	436	-3	511	347	914.5	3.5	14.9
Greene King	†N□	506	+1	584	504	214.0	3.1	14.2
Grosvenor Inns	‡†φ	152xd	-	*165	69	19.7	3.7	23.0
[illegible]						24.1	-	51.1

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

BUILDING MATS. & MERCHANTS - Cont.

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

ENGINEERING, VEHICLES - Cont.

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1993/94 high	low	Yld Gr's	NAV	Dis or Pm(-)
Olim Conv	♣N	95	—	111	67	11.7	108.5	10.8
Zero Pf		216	-1	218	163	–	–	–
Overseas Inv	♣N□	373	+1	404	249	1.1	423.5	11.9
Warrants		206	—	241	93	–	–	–
Pacific Assets	♣□	467xd	-10	647	285	0.3	507.1	7.9
Warrants		371	-8	545	187	–	–	–
Pac. Horizon	♣□	43	-1	68	29	0.4	49.3	12.8
Warrants	□	7	—	14	6	–	–	–
Pantheon Intl.	♣N	190	—	206	140	0.3	217.9	12.8
Warrants		80	—	83	60	–	–	–
Cv Ln '95/97		83	—	88	60	–	–	–
Paribas French	□	139xd	—	149	98	0.9	141.2	8.7
Perpetual Japan	□	112	-½	118	83	–	107.2	-4.3
Warrants	□	70	—	88	37	–	–	–
Personal Assets	†	£92½	—	£94	£76½	2.8	8667.1	-4.1
Pilot Inv	Σ□	148	—	153	98	0.4	137.5	-7.1
Warrants	□	57	—	69	21	–	–	–
C	□	110	—	117	100	–	108.1	-.8
Primadona		270xd	—	283	157	2.1	319.3	15.4
Ptarmigan Intl	□	247	—	*278	160	0.4	259.6	4.9
Warrants		87	—	140	38	–	–	–
RIT Capital	□	176	—	188	100	0.8	218.7	20.0
2½pc Cv Ln 2000		£174½xd	-½	£188½	£100½	1.4	–	–
Radiotrust	□	69	—	88	47	–	88.3	-22.4
Rights & Iss Inc		155xd	—	164	114	7.9	–	–
Cap		460xd	-8	535	303	2.2	530.2	13.2
Riv & Merc Am Inc		118	—	121	108	8.6	–	–
Cap	□	34	—	38	27	–	46.5	26.9
Warrants		14	-1	17	11	–	–	–
Riv & Mer Ext	N□	140	—	147	87	7.0	125.4	-10.4
Warrants		43	—	49	13	–	–	–

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

PRINTING, PAPER & PACKAGING

PROPERTY

RETAILERS, FOOD

RETAILERS, GENERAL

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

GUIDE TO LONDON SHARE SERVICE

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1225 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT9981. Ring 081-770 0770 (open 24 hours including weekends) or Fax 081-770 3822. If calling from outside the UK, ring +44 81 770 0770 or fax +44 81 770 3822. Reports will be sent the next working day, subject to availability.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
[illegible]						

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Thornton Unit Managers Ltd (1200)F
71 Queen Street, London EC4R 1AX 071-248 3000
Dealing 071-248 3001

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Smllr Cos	5	70.81	70.81	75.82	+4.14	0.00
(Accum Units)	5	73.14	73.14	78.01	+6.15	0.00
Dresdner Europe Bd	5	42.11	42.11	44.24	-0.18	8.57
(Accum Units)	5	60.80	60.80	63.99	-0.26	8.57
European	5	280.79	280.20	298.99	-1.80	0.86
(Accum Units)	5	301.16	301.10	321.91	-1.86	0.86
Exempt	5½	540.04	540.04	584.33	-2.38	3.39
(Accum Units)	5½	1751.38	1751.38	1800.59	-7.72	3.39
Europe Growth	5½	50.00	50.00	53.18	-0.54	0.02
Intl Growth	5	110.19	110.19	117.44	-1.18	0.59
(Accum Units)	5	119.85	119.85	127.87	-1.28	0.59
Japan Tst	5	90.59	90.99	97.05	-0.32	0.00
(Accum Units)	5	90.99	90.99	97.05	-0.32	0.00
Little Dragons	5	98.31	98.31	104.86	-0.81	0.44
(Accum Units)	5	101.20	111.20	107.94	-0.83	0.44
Nth Amer Gwth	5	236.34	236.34	251.42	-0.88	0.62
(Accum Units)	5	293.50	293.50	312.23	-1.12	0.62
Oriental Income	5	48.01	48.01	51.21	-0.47	4.83
(Accum Units)	5	63.27	63.27	67.48	-0.84	4.83
Preference	5½	129.78	129.78	138.06	-0.53	7.90
(Accum Units)	5½	829.64	829.64	849.81	-1.61	7.80
Tiger	5	275.24	275.24	293.68	-3.83	0.54
(Accum Units)	5	280.17	280.17	308.44	-4.04	0.54
UK Blue Chip	5	83.04	83.04	87.34	-0.58	2.94
(Accum Units)	5	88.41	88.41	70.84	-0.82	2.94
UK Growth	5½	519.37	519.37	552.55	-4.49	2.14
(Accum Units)	5½	1150.18	1150.15	1223.6	-9.93	2.14
UK High Yield	5½	107.78	107.78	114.65	-1.08	3.34
(Accum Units)	5½	336.15	336.15	357.60	-1.35	3.34
UK Recovery	5½	277.80	277.80	295.80	-1.28	1.83
(Accum Units)	5½	500.51	500.51	532.94	-2.34	1.83
UK Smllr Cos	5	103.80	107.45	114.91	-1.17	1.75
(Accum Units)	5	122.18	128.36	135.14	-1.38	1.75
UK Smaller Cos Div	5½	106.80	106.80	113.61	-1.38	4.27
(Accum Units)	5½	178.84	178.84	189.94	-2.27	4.27

Waverley Unit Tst Mngmt Ltd (1000)F
13 Charlotte Sq, Edinburgh 031-225 1551

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Australasian Gold	6	33.3	33.83	35.98	-0.39	-
Pacific Basin	6	40.7	40.7	43.29	-0.17	0.6
Can Balncd Gwth	6	36.78	36.78	39.12	-0.01	-
Global Bond	4	0.9123	0.9123	0.9503	-0.0023	5.81
Honey Share	6	30.57	30.57	32.52	-0.08	1.5

Whittingdale Unit Tst Mngmt Ltd (0830)F
2 Honey Lane, London EC2V 8BT 071-600 0482

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Challenger	2¼	97.40	97.40	99.95	-1.05	0.00
Short Dtd Gilt	1¼	112.1	112.1	113.8	-0.90	0.00
U.S. Govmnt Bond	1¼	0.7243	0.7243	0.7334	+0.002	2.27
Gilt Income	4	52.32	52.32	54.45	-0.57	0.00
Gilt Growth	4	71.70	71.70	74.62	-1.23	0.00
City Reserve	0	52.18	52.18	52.18	+0.01	4.15

Woolwich Unit Trust Managers Ltd (1700)H
2 White Oak Square, Swanley BR8 7AG 081-298 4000

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stockmarket Fd	6	78.29	78.38	83.37	-0.60	1.72

OTHER UK UNIT TRUSTS

INSURANCES

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

	Bid Price	Offer Price	+ or -	Yield Gross
Prop. Ser. 1	278.0	292.6	-	-
Equity Ser. 1	169.8	178.8	-4.0	-
Prop. Acc. Ser 2	521.8	539.8	-	-
Equity Ser 2	223.3	231.9	-3.3	-
Selective Acc. Ser 2	481.0	506.4	-3.7	-
Prop. Ser. 4	292.7	413.0	-	-
Equity Ser. 4	211.8	222.7	-4.3	-
Man. Ser 4	666.0	701.9	-4.9	-
Fixed Int. Ser. 4	344.8	363.1	-1.1	-
Indexed Inv. Ser. 4	209.8	220.9	-0.3	0
American Ser. 4	522.9	550.5	-1.8	-
Japan Ser 4	374.8	394.7	-1.3	-
European Ser 4	167.4	176.3	-0.8	-
High Inc. Ser. 4	667.0	702.3	-4.1	-
Money Ser. 4	321.4	338.4	-	0.0
Intl Ser. 4	193.8	204.1	-0.8	-
Custodian Ser. 4	171.3	180.4	-0.7	0
Asian Pacific	207.1	218.0	-1.1	-
Ethical	137.8	145.1	-1.3	0
Protected Growth	109.3	115.1	-0.1	-
Pension Funds				
Property	763.3	803.5	-	-
Equity	1677.4	1765.7	-33.2	-
Selec Inv	545.9	574.7	-8.7	-
Managed	1427.7	1502.9	-18.8	-
Security	702.0	738.9	-	-
Fixed Int	442.1	465.4	-1.8	-
Indexed	236.9	249.4	-0.4	-
American	498.7	525.0	-1.8	-
Japan	426.0	448.5	-1.9	-
European	261.2	275.0	-1.5	-
High Income	203.7	214.5	-3.0	0
Ethical	207.4	218.4	-3.0	0
International	383.0	403.2	-0.7	-
Protected Growth	123.5	130.0	-0.3	0
Asian Pacific	88.3	93.0	-0.4	-

Abbey National Life Plc
397 St Vincent Street, Glasgow 041 305 8000

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	113.6	119.5	-1.4	-
UK Equity	113.0	119.0	-1.7	-
International	119.8	126.3	-0.7	-
Deposit	100.3	105.5	-	-
Pension Managed	114.8	120.9	-1.6	-
Pension UK Equity	112.9	118.9	-2.2	-
Pension International	123.4	130.1	-0.8	-
Pension Deposit	102.1	107.5	-	-

Acuma Life Assurance Ltd
The Glanty, Egham, Surrey TW2 9AT 0784 475339

	Bid Price	Offer Price	+ or -	Yield Gross
Fixed Interest	192.28	202.37	-1.13	-
Index Linked Gilts	191.94	200.96	-0.46	-
UK Equity/UK Eq Inc	314.58	331.32	-0.34	-
Sml Cos/UK Eq Gwth	240.87	253.53	-1.89	-
Nth American	163.02	171.59	-0.36	-
Far Eastern	471.52	496.31	-3.28	-
European	215.83	227.20	-0.83	-
Managed	257.34	270.89	-1.88	-
World Growth	218.34	229.72	-0.91	-
Money	162.30	170.84	+0.03	-

Canada Life Group
High St, Potters Bar, Herts. EN6 5BA 0707 651122

Eagle Star Life Assurance Co Ltd

Henderson Administration - Contd.

Lincoln National - Contd.

NPI

Providence Capital Life Assc. Co Ltd - Contd.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Scottish Amicable

150 St Vincent St, Glasgow 041-248 2323

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds (First Series)				
Managed	460.9	485.2	-5.00	-
Equity	569.3	599.3	-6.90	-
Property	287.8	303.0	+0.10	-
International	471.6	496.7	-1.50	-
Japanese	126.4	133.1	+0.50	-
Asia Pacific	186.5	196.4	-1.40	-
European	129.2	136.1	-0.80	-
American	162.3	170.9	-0.60	-
Fixed Interest	365.5	384.8	-5.70	-
Index-Linked Gilt	194.7	205.0	-0.60	-
Cash	225.1	237.0	—	-
Life Funds (Second Series)				
Managed	128.8	135.6	-1.40	-
Equity	122.9	129.4	-1.90	-
Property	121.4	127.8	—	-
International	146.4	154.2	-0.40	-
Japanese	127.3	133.9	+0.50	-
Asia Pacific	183.7	193.4	-1.30	-
European	128.7	135.5	-0.80	-
American	159.2	167.6	-0.70	-
Fixed Interest	138.0	145.3	-2.10	-
Index-Linked Gilt	125.0	131.6	-0.40	-
Cash	112.1	118.1	—	-
Pension Funds				
Building Society	179.6	189.1	—	-
Managed (Init)	258.5	272.2	-3.60	-
Managed (Acc)	536.6	564.9	-7.40	-
Equity (Init)	285.1	300.2	-5.90	-
Equity (Acc)	591.7	622.9	-11.80	-
Property (Init)	174.8	184.0	—	-
Property (Acc)	362.7	381.8	+0.30	-
International (Init)	271.6	285.9	-1.10	-
International (Acc)	563.5	593.2	-2.00	-
Fixed Interest (Init)	230.2	242.3	-3.50	-

Standard Life Assurance Company

3 George St, Edinburgh EH2 2XZ 031-225 2552

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	698.9	735.6	-8.8	-
Equity	982.8	1034.6	-12.1	-
Fixed Interest	394.2	415.0	-3.3	-
Index-Linked	207.1	218.0	-0.4	-
International	627.7	660.8	-3.9	-
North American	147.3	155.1	-0.5	-
Far East	173.7	182.9	-1.3	-
European	172.5	181.3	-1.0	-
Property	345.7	363.9	+0.3	-
Cash	263.3	277.2	+0.1	-
Pension Managed	976.0	1027.4	-11.7	-
Pension Stock Exchange	220.3	231.9	-2.8	-
Pension Equity	1411.1	1485.4	-22.1	-
Pension Fxd Int	534.7	562.9	-4.2	-
Pension Index-Linked	286.3	301.4	-0.6	-
Pension International	887.4	934.2	-6.1	-
Pension Property	453.4	477.3	-0.4	-
Pension Cash	407.2	428.7	+0.1	-
Pension Nth American	184.8	194.6	-1.1	-
Pension Far East	139.4	146.8	-1.1	-
Pension European	207.1	218.0	-1.4	-

Sun Alliance Group

St Mark's Court Horsham 0403 232323

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed	661.7	696.6	-4.7	-
Deposit	289.7	305.0	+0.1	-
Equity	654.4	688.4	-6.2	-
Equity Income	232.1	244.4	-2.8	-
European	171.4	180.5	-0.9	-
Far East	230.6	242.7	-1.3	-
Fixed Interest	414.3	436.2	-2.1	-
Index Linked	312.4	328.9	-0.3	-
International	654.4	688.9	-2.3	-
North America	258.3	271.9	-0.5	-

Windsor Life Assur Co Ltd

Woolwich Life Assurance Co Ltd

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

IRELAND (REGULATED)(**)

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

CURRENCIES AND MONEY

MARKETS REPORT

Sterling and dollar suffer

Sterling and the dollar yesterday fell to four month lows on the foreign exchanges against a resurgent D-Mark, *writes Philip Gawith.*

Both currencies fell below key support levels. Yesterday evening the dollar was trading below DM1.67 and sterling was just above DM2.49 having earlier breached the key DM2.50 level.

Their decline, which came amid a general climate of interest rate pessimism in Europe, was sparked off by an annualised 17.6 per cent growth in German M3 in February. Although this poor figure - way above the Bundesbank's 4-6 per cent target range - was widely discounted, it introduced a cautionary note into the market's view about how quickly German interest rates might fall.

This feeling was accentuated by the perception that Europe will find it difficult to decouple its interest rates from the US which has started a process of credit tightening.

These views were reflected in the D-Mark which finished the day higher across the board. It closed in London more than a pfennig stronger against the dollar, finishing at DM1.6726 from DM1.685 on Wednesday.

In Europe it closed higher against the French franc, closing at FFr3.424 from FFr3.418. Against sterling it was nearly two pfennigs higher at DM2.4971 from DM2.5165.

■ Mr Jeremy Hawkins, senior economic adviser at the Bank of America, said sterling's weakness could be explained by the fact that it seemed to suffer disproportionately at a time of general D-Mark strength. He said this reflected the market view that the UK remained vulnerable to a politically inspired rate cut.

Personally unpopular, and facing potentially large losses in local elections in May, and European elections in June, some observers believe prime minister John Major is under pressure to cut rates.

This view was not shared by either the gilts or short sterling futures market where prices fell. Futures contracts were lower across the board. The June contract settled at 94.73, ten basis points down on the day. The December contract fell 14 basis points to 94.25, while the June 95 contract was 29 points lower at 93.44.

Contrary to those who are looking for a further cut in UK rates, the market is signalling that three month interest rates will be 5.75 per cent at the end of the year - 50 basis points above the current level of 5.25 per cent.

In the discount market the Bank of England provided late assistance of £535m. Earlier it had put £341m liquidity into the system after forecasting a £850m shortage. Overnight rates moved between 5 per cent and 6 per cent.

■ Analysts yesterday expressed some surprise at the D-Mark strength given the backdrop of falling interest rates in Germany. It appeared to provide yet further confirmation of the unravelling of "consensus trades" in foreign exchange markets.

At the beginning of the year the market built in long dollar and short D-Mark positions. Now there is evidence these positions are being reversed.

Although the February M3 figure lent support to the D-Mark, the money supply figures are so anomalous at the moment that the Bundesbank seems unlikely to use them as an excuse for not lowering rates.

The fact that the Bundesbank allowed the repo rate to fall by eight basis points the day before the M3 figure was released lends support to this view.

This sentiment was reflected in the cash markets where, helped by adequate liquidity, German call money rates eased to 5.70/80 per cent from 5.75/85 per cent on Wednesday.

The futures markets sent a different message, with Euromark contracts softening slightly. The June contract was unchanged at 94.50, but the longer contracts lost ground.

■ Elsewhere in Europe the Bank of France said it would cut its intervention rate to 6.00 per cent from 6.10 per cent at a securities repurchase tender held to allocate funds for injection into the money market.

The intervention rate at which the central bank allocates repo funds was last cut, from 6.20 per cent, on February 24.

The tardy pace of interest rate cuts has not helped the franc which has weakened steadily over the past two weeks. Indeed, some commentators cite the franc as evidence of a return to the ERM log-jam of old, where markets believe interest rates need to fall faster than the pace set by the Bundesbank, to forestall domestic political pressures.

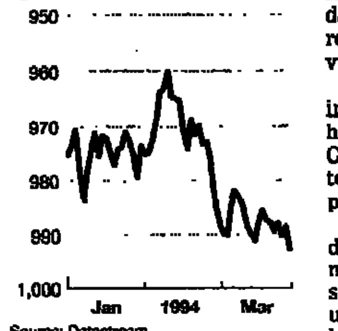
The Italian lira continued its recent weakness ahead of Sunday's election. It closed in London at L993.2 from L988.9. Investors are expected to stay on the sideline until the result becomes known on Tuesday.

The dominant view among analysts is that a centre-left government will be lira positive. It would be able to introduce the sorts of fiscal and institutional reforms which markets would welcome.

Under this scenario, Mr Steven Yorke, chief European analyst at Chase Manhattan, believes the lira could reach L950 by the year end.

Lira

Against the DM (lire per DM)



Source: Datastream

■ **Pound in New York**

Mar 24	---Latest---	-- Prev. close --
£ spot	1.4950	1.4975
1 mth	1.4930	1.4955
3 mth	1.4898	1.4927
1 yr	1.4828	1.4866

■ **OTHER CURRENCIES**

Mar 24	£	$
Hungary	153.907 - 154.084	103.120 - 103.170
Iran	2597.00 - 2603.00	1748.00 - 1750.00
Kuwait	0.4442 - 0.4455	0.2976 - 0.2983
Poland	32979.8 - 33001.9	22097.0 - 22097.0
Russia	2599.30 - 2611.26	1741.00 - 1749.00
U.A.E.	5.4816 - 5.4845	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Mar 24		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.5951	-0.1329	817 - 084	17.7508	17.5779	17.5813	0.3	17.5857	0.2	-	-	114.1
Belgium	(BFr)	51.5907	-0.3299	510 - 303	51.9850	51.5450	51.6357	-1.0	51.7107	-0.9	51.9107	-0.6	115.0
Denmark	(DKr)	9.8382	-0.0662	314 - 410	9.8975	9.8305	9.8451	-1.1	9.8598	-1.0	9.8946	-0.6	114.9
Finland	(FM)	8.2902	-0.0079	799 - 004	8.3540	8.2530	-	-	-	-	-	-	80.6
France	(FFr)	8.5489	-0.0607	438 - 539	8.6060	8.5435	8.5582	-1.3	8.5737	-1.2	8.5986	-0.6	108.5
Germany	(DM)	2.4971	-0.0194	959 - 983	2.5250	2.4945	2.4988	-0.8	2.5014	-0.7	2.5022	-0.2	124.1
Greece	(Dr)	365.412	-3.246	066 - 758	368.682	365.000	-	-	-	-	-	-	-
Ireland	(I£)	1.0375	-0.0017	364 - 386	1.0410	1.0360	1.0384	-1.0	1.0399	-0.9	1.0462	-0.8	102.8
Italy	(L)	2479.54	-8.18	800 - 108	2494.10	2478.00	2486.84	-3.5	2489.64	-3.2	2550.39	-2.9	75.7
Luxembourg	(LFr)	51.5907	-0.3299	510 - 303	51.9650	51.5450	51.6357	-1.0	51.7107	-0.9	51.9107	-0.6	115.0
Netherlands	(Fl)	2.8110	-0.0199	093 - 127	2.8360	2.8090	2.8117	-0.3	2.8125	-0.2	2.8099	0.1	118.8
Norway	(NKr)	10.8671	-0.0787	620 - 722	10.9768	10.8605	10.8615	0.6	10.874	-0.3	10.8652	0.0	85.2
Portugal	(Es)	258.051	-1.362	815 - 286	259.787	257.810	259.026	-4.5	260.971	-4.5	-	-	-
Spain	(Pta)	205.288	-0.846	144 - 431	206.654	205.050	205.868	-3.4	206.873	-3.1	210.688	-2.6	85.4
Sweden	(SKr)	11.7634	+0.0245	524 - 743	11.8330	11.7070	11.7834	-2.0	11.8189	-1.9	11.9279	-1.4	78.3
Switzerland	(SFr)	2.1235	-0.0077	220 - 250	2.1379	2.1215	2.122	0.8	2.1184	1.0	2.0982	1.2	118.1
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	80.3
Ecu	-	1.2983	-0.0082	976 - 990	1.3064	1.2970	1.2998	-1.4	1.3022	-1.2	1.3086	-0.6	-
SDR†	-	0.940334	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4926	-0.0005	922 - 934	1.4972	1.4910	-	-	-	-	-	-	-
Brazil	(Cr)	1267.51	+21.74	717 - 804	1271.00	1245.00	-	-	-	-	-	-	-
Canada	(C$)	2.0502	+0.0148	491 - 512	2.0570	2.0372	2.0487	0.9	2.0479	0.5	2.0532	-0.1	87.7
Mexico	(New Peso)	4.9717	+0.0022	626 - 808	4.9815	4.9525	-	-	-	-	-	-	-
USA	($)	1.4930	-0.0005	925 - 935	1.4972	1.4925	1.4911	1.5	1.4883	1.3	1.4826	0.7	66.2
Pacific/Middle East/Africa													
Australia	(A$)	2.1033	+0.0012	018 - 047	2.1101	2.0980	2.1018	0.9	2.0994	0.7	2.0975	0.3	-
Hong Kong	(HK$)	11.5334	-0.0039	288 - 380	11.5645	11.5190	11.5204	1.4	11.515	0.6	11.4659	0.6	-
India	(Rs)	46.8336	-0.016	123 - 548	46.9630	46.7750	-	-	-	-	-	-	-
Japan	(Y)	158.689	-0.279	578 - 759	159.930	158.450	158.309	2.7	157.679	2.7	154.404	2.7	182.8
Malaysia	(M$)	4.0662	-0.0012	641 - 683	4.0773	4.0580	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6362	+0.0177	337 - 387	2.6395	2.6267	2.6391	-1.3	2.6434	-1.1	2.652	-0.6	-
Philippines	(Peso)	41.1696	-0.0124	945 - 446	41.5695	40.6600	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.5999	-0.0016	967 - 011	5.6142	5.5890	-	-	-	-	-	-	-
Singapore	(S$)	2.3653	-0.0033	641 - 665	2.3735	2.3600	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.1344	-0.0162	312 - 376	5.1623	5.1265	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.9425	+0.0129	327 - 522	6.9848	6.9236	-	-	-	-	-	-	-
South Korea	(Won)	1206.42	-0.22	594 - 690	1209.59	1203.88	-	-	-	-	-	-	-
Taiwan	(T$)	39.4153	-0.0193	274 - 031	39.5400	29.2500	-	-	-	-	-	-	-
Thailand	(Bt)	37.7804	-0.0039	603 - 005	37.8740	37.7270	-	-	-	-	-	-	-

†SDR rate for Mar 23. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 24		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan index
Europe													
Austria	(Sch)	11.7850	-0.0855	800 - 900	11.8420	11.7780	11.806	-2.1	11.8325	-1.6	11.836	-0.4	103.3
Belgium	(BFr)	34.5550	-0.2105	400 - 700	34.7500	34.5220	34.635	-2.8	34.75	-2.3	35.015	-1.3	104.3
Denmark	(DKr)	6.5882	-0.0423	872 - 892	6.6210	6.5853	6.6054	-3.1	6.6274	-2.4	6.6722	-1.3	103.4
Finland	(FM)	5.5527	-0.0036	477 - 577	5.5880	5.5160	5.5584	-1.2	5.5629	-0.7	5.5707	-0.3	75.3
France	(FFr)	5.7260	-0.0322	245 - 274	5.7600	5.7220	5.7397	-2.9	5.7598	-2.4	5.7935	-1.2	104.7
Germany	(D)	1.6726	-0.0124	723 - 728	1.6871	1.6715	1.6759	-2.3	1.6805	-1.9	1.686	-0.8	105.0
Greece	(Dr)	244.750	-2.1	600 - 900	246.610	244.300	248.65	-19.1	255.4	-17.4	284.5	-16.2	70.9
Ireland	(I£)	1.4391	+0.002	381 - 401	1.4420	1.4357	1.4359	2.7	1.4315	2.1	1.4176	1.5	-
Italy	(L)	1660.78	-4.97	030 - 125	1669.50	1660.00	1668.28	-5.4	1679.78	-4.6	1720.53	-3.6	76.4
Luxembourg	(LFr)	34.5550	-0.2105	400 - 700	34.7500	34.5220	34.635	-2.8	34.75	-2.3	35.015	-1.3	104.3
Netherlands	(Fl)	1.8828	-0.0127	823 - 833	1.8950	1.8820	1.886	-2.1	1.8898	-1.5	1.8948	-0.6	103.8
Norway	(NKr)	7.2787	-0.0505	777 - 797	7.3325	7.2753	7.2887	-1.6	7.3024	-1.3	7.3177	-0.5	95.0
Portugal	(Es)	172.840	-0.86	740 - 940	173.600	172.680	173.88	-7.2	175.34	-5.8	180.565	-4.5	93.1
Spain	(Pta)	137.500	-0.525	450 - 550	138.110	137.400	138.1	-5.2	139.02	-4.4	142.13	-3.4	80.7
Sweden	(SKr)	7.8790	+0.0167	743 - 837	7.9200	7.8245	7.906	-4.1	7.9437	-3.3	8.049	-2.2	82.1
Switzerland	(SFr)	1.4223	-0.0047	218 - 228	1.4300	1.4210	1.4231	-0.7	1.4233	-0.3	1.4144	0.6	104.7
UK	(£)	1.4930	-0.0005	925 - 935	1.4972	1.4925	1.4911	1.5	1.4883	1.3	1.4826	0.7	89.4
Ecu	-	1.1500	+0.0069	497 - 502	1.1505	1.1447	1.147	3.1	1.143	2.4	1.135	1.3	-
SDR†	-	1.39837	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	-	998 - 999	1.0002	0.9998	-	-	-	-	-	-	-
Brazil	(Cr)	849.033	+14.81	025 - 040	849.050	849.000	-	-	-	-	-	-	-
Canada	(C$)	1.3732	+0.0103	729 - 734	1.3752	1.3625	1.3739	-0.6	1.376	-0.8	1.3848	-0.8	84.7
Mexico	(New Peso)	3.3300	+0.0025	250 - 350	3.3350	3.3225	3.331	-0.4	3.3328	-0.3	3.3402	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	101.2
Pacific/Middle East/Africa													
Australia	(A$)	1.4088	+0.0012	083 - 092	1.4110	1.4033	1.4101	-1.1	1.4147	-1.7	1.4254	-1.2	87.4
Hong Kong	(HK$)	7.7250	-0.0003	245 - 255	7.7260	7.7235	7.728	-0.5	7.734	-0.5	7.7587	-0.4	-
India	(Rs)	31.3688	-0.0012	650 - 725	31.3725	31.3625	31.4338	-2.5	31.5688	-2.6	-	-	-
Japan	(Y)	106.275	-0.155	250 - 300	106.590	106.250	106.17	1.2	105.86	1.6	104.025	2.1	144.3
Malaysia	(M$)	2.7235	-	230 - 240	2.7250	2.7220	2.7165	3.1	2.701	3.3	2.7635	-1.5	-
New Zealand	(NZ$)	1.7657	+0.0124	646 - 668	1.7670	1.7580	1.7669	-0.8	1.7714	-1.3	1.7933	-1.6	-
Philippines	(Peso)	27.5750	-	000 - 500	27.7500	27.4000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7501	+0.0001	499 - 503	3.7510	3.7490	3.7508	-0.2	3.7531	-0.3	3.7646	-0.4	-
Singapore	(S$)	1.5843	-0.0017	840 - 845	1.5855	1.5840	1.5836	0.5	1.5831	0.3	1.5617	0.2	-
S Africa (Com.)	(R)	3.4390	-0.0098	380 - 400	3.4440	3.4380	3.4555	-5.8	3.4815	-4.9	3.5745	-3.9	-
S Africa (Fin.)	(R)	4.6500	+0.01	450 - 550	4.6570	4.6450	4.684	-8.8	4.744	-8.1	-	-	-
South Korea	(Won)	808.050	+0.1	000 - 100	808.300	807.800	811.05	-4.5	814.55	-3.2	833.05	-3.1	-
Taiwan	(T$)	26.4000	-0.005	500 - 500	26.4700	26.3300	26.4655	-3.0	26.566	-2.5	-	-	-
Thailand	(Bt)	25.3050	+0.005	000 - 100	25.3200	25.2800	25.385	-3.8	25.51	-3.2	26.03	-2.9	-

†SDR rate for Mar 23. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan indices shown for Mar 23. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar 24		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.07	16.57	4.840	2.012	4807	5.449	21.07	500.3	397.9	22.80	4.117	1.938	3.974	2.894	307.6	2.516
Denmark	(DKr)	52.45	10	8.692	2.539	1.055	2521	2.858	11.05	262.4	208.7	11.96	2.159	1.017	2.084	1.518	161.3	1.320
France	(FFr)	60.35	11.51	10	2.921	1.214	2901	3.288	12.71	301.9	240.1	13.76	2.485	1.170	2.398	1.746	185.6	1.518
Germany	(DM)	20.66	3.939	3.424	1	0.416	993.2	1.126	4.353	103.4	82.22	4.710	0.851	0.400	0.821	0.598	63.56	0.520
Ireland	(I£)	49.70	9.476	8.236	2.406	1	2389	2.708	10.47	248.7	197.8	11.33	2.046	0.963	1.975	1.438	152.9	1.250
Italy	(L)	2.080	0.397	0.345	0.101	0.042	100.	0.113	0.438	10.41	8.278	0.474	0.086	0.040	0.083	0.060	6.399	0.052
Netherlands	(Fl)	18.35	3.499	3.041	0.888	0.369	882.2	1	3.867	91.82	73.03	4.184	0.756	0.356	0.729	0.531	56.46	0.462
Norway	(NKr)	47.46	9.049	7.865	2.297	0.955	2282	2.586	10	237.4	188.9	10.82	1.954	0.920	1.886	1.374	146.0	1.194
Portugal	(Es)	19.99	3.811	3.312	0.967	0.402	960.9	1.089	4.212	100.	79.54	4.556	0.823	0.387	0.794	0.578	61.49	0.503
Spain	(Pta)	25.13	4.791	4.164	1.216	0.506	1208	1.369	5.295	125.7	100.	5.728	1.035	0.487	0.999	0.727	77.30	0.632
Sweden	(SKr)	43.87	8.364	7.270	2.123	0.883	2109	2.390	9.243	219.5	174.6	10	1.806	0.850	1.743	1.270	134.9	1.104
Switzerland	(SFr)	24.29	4.631	4.025	1.176	0.489	1168	1.323	5.118	121.5	96.66	5.537	1	0.471	0.965	0.703	74.72	0.611
UK	(£)	51.59	9.836	8.549	2.497	1.038	2480	2.811	10.87	258.1	205.3	11.76	2.124	1	2.050	1.493	158.7	1.298
Canada	(C$)	25.17	4.798	4.170	1.218	0.506	1210	1.371	5.302	125.9	100.1	5.737	1.036	0.488	1	0.728	77.41	0.633
US	($)	34.56	6.588	5.726	1.672	0.695	1661	1.883	7.281	172.9	137.5	7.877	1.423	0.670	1.373	1	106.3	0.869
Japan	(Y)	325.1	61.98	53.87	15.73	6.541	15627	17.71	68.49	1626	1294	74.10	13.38	6.301	12.92	9.408	1000.	8.179
Ecu		39.75	7.578	6.586	1.924	0.800	1911	2.166	8.374	198.8	158.2	9.060	1.636	0.770	1.579	1.150	122.3	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.5923	0.5938	+0.0018	0.5947	0.5915	41,815	94,592
Sep	0.5910	0.5921	+0.0020	0.5931	0.5910	43	2,654
Dec	-	0.5910	-	0.5910	-	22	116

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.7002	0.7011	+0.0010	0.7026	0.6992	16,559	33,211
Sep	-	0.7025	-	0.7038	0.7008	22	259
Dec	-	0.7045	-	0.7045	-	2	42

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.9429	0.9430	-0.0004	0.9441	0.9410	15,296	48,203
Sep	0.9486	0.9483	+0.0002	0.9486	0.9471	22	1,866
Dec	-	0.9538	-	-	-	2	394

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.4916	1.4904	-0.0024	1.4944	1.4880	16,328	26,304
Sep	-	1.4890	-	-	1.4850	18	627
Dec	-	1.4870	-	-	1.4850	15	33

MONEY RATES

March 24	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	-	$6\frac{1}{4}$	$6\frac{5}{16}$	$6\frac{1}{4}$	$6\frac{1}{8}$	7.40	5.00	-
week ago	-	$6\frac{1}{4}$	$6\frac{1}{2}$	$6\frac{7}{16}$	$6\frac{7}{16}$	7.40	5.00	-
France	$6\frac{1}{4}$	$6\frac{7}{16}$	$6\frac{1}{4}$	6	$5\frac{15}{16}$	6.00	-	7.75
week ago	$6\frac{3}{8}$	$6\frac{3}{8}$	$6\frac{1}{4}$	6	$5\frac{7}{8}$	6.10	-	7.75
Germany	5.75	5.85	5.75	5.63	5.43	6.75	5.25	5.80
week ago	5.75	5.85	5.75	5.58	5.38	6.75	5.25	5.88
Ireland	$6\frac{1}{2}$	$6\frac{7}{16}$	$6\frac{1}{4}$	$6\frac{1}{4}$	$6\frac{1}{4}$	-	-	6.75
week ago	$6\frac{1}{2}$	$6\frac{7}{16}$	$6\frac{1}{4}$	$6\frac{1}{8}$	$6\frac{1}{8}$	-	-	6.75
Italy	$8\frac{1}{4}$	$8\frac{5}{16}$	$8\frac{5}{16}$	$8\frac{5}{16}$	$8\frac{3}{8}$	-	8.00	8.92
week ago	$8\frac{1}{2}$	$8\frac{7}{16}$	$8\frac{5}{16}$	$8\frac{1}{4}$	$8\frac{1}{4}$	-	8.00	8.92
Netherlands	5.53	5.52	5.39	5.34	5.34	-	5.25	-
week ago	5.53	5.52	5.27	5.17	5.13	-	5.25	-
Switzerland	$4\frac{1}{8}$	$4\frac{1}{4}$	$4\frac{1}{8}$	$4\frac{1}{16}$	4	6.625	4.00	-
week ago	4	$4\frac{1}{8}$	$4\frac{1}{16}$	4	$3\frac{15}{16}$	6.625	4.00	-
US	$3\frac{1}{2}$	$3\frac{5}{8}$	$3\frac{15}{16}$	$4\frac{1}{8}$	$4\frac{3}{8}$	-	3.00	-
week ago	$3\frac{1}{4}$	$3\frac{5}{8}$	$3\frac{13}{16}$	$4\frac{1}{16}$	$4\frac{3}{8}$	-	3.00	-
Japan	$2\frac{1}{8}$	$2\frac{1}{2}$	$2\frac{1}{8}$	$2\frac{1}{8}$	$2\frac{3}{16}$	-	1.75	-
week ago	$2\frac{1}{8}$	$2\frac{1}{8}$	$2\frac{1}{4}$	$2\frac{1}{8}$	$2\frac{3}{16}$	-	1.75	-
$ LIBOR FT London								
Interbank Fixing	-	$3\frac{11}{16}$	$3\frac{7}{8}$	$4\frac{3}{16}$	$4\frac{9}{16}$	-	-	-
week ago	-	$3\frac{11}{16}$	$3\frac{7}{8}$	$4\frac{1}{8}$	$4\frac{9}{16}$	-	-	-
US Dollar CDs	-	3.43	3.67	3.97	4.40	-	-	-
week ago	-	3.43	3.64	3.91	4.31	-	-	-
SDR Linked Ds	-	$3\frac{5}{8}$	$3\frac{3}{4}$	$3\frac{7}{8}$	4	-	-	-
week ago	-	$3\frac{5}{8}$	$3\frac{3}{4}$	$3\frac{7}{8}$	4	-	-	-

ECU Linked Ds mid rates: 1 mth: $6\frac{3}{32}$; 3 mths: $6\frac{1}{32}$; 6 mths: $6\frac{1}{8}$; 1 year: 6. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Mar 24	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	$6\frac{3}{16}$ - $6\frac{1}{16}$	$6\frac{3}{16}$ - $6\frac{1}{16}$	$6\frac{1}{4}$ - $6\frac{1}{8}$	$6\frac{3}{16}$ - $6\frac{1}{16}$	$6\frac{1}{8}$ - 6	$6\frac{1}{8}$ - 6
Danish Krone	$6\frac{1}{2}$ - $6\frac{1}{4}$	$6\frac{1}{2}$ - $6\frac{1}{4}$	$6\frac{3}{8}$ - 6	$6\frac{3}{8}$ - 6	$6\frac{1}{4}$ - 6	6 - $5\frac{3}{4}$
D-Mark	$5\frac{7}{8}$ - $5\frac{3}{4}$	$5\frac{7}{8}$ - $5\frac{3}{4}$	$5\frac{7}{8}$ - $5\frac{3}{4}$	$5\frac{3}{4}$ - $5\frac{5}{8}$	$5\frac{11}{16}$ - $5\frac{9}{16}$	$5\frac{9}{16}$ - $5\frac{7}{16}$
Dutch Guilder	$5\frac{9}{16}$ - $5\frac{7}{16}$	$5\frac{9}{16}$ - $5\frac{7}{16}$	$5\frac{1}{2}$ - $5\frac{3}{8}$	$5\frac{3}{8}$ - $5\frac{1}{4}$	$5\frac{5}{16}$ - $5\frac{3}{16}$	$5\frac{5}{16}$ - $5\frac{3}{16}$
French Franc	$6\frac{5}{8}$ - $6\frac{3}{8}$	$6\frac{9}{16}$ - $6\frac{3}{8}$	$6\frac{5}{16}$ - $6\frac{3}{16}$	$6\frac{3}{8}$ - $6\frac{3}{16}$	$6\frac{3}{16}$ - $6\frac{1}{16}$	$6\frac{1}{16}$ - $5\frac{15}{16}$
Portuguese Esc.	$10\frac{1}{4}$ - 10	$10\frac{1}{4}$ - 10	$10\frac{1}{8}$ - $9\frac{7}{8}$	$9\frac{3}{4}$ - $9\frac{1}{2}$	$9\frac{1}{2}$ - $9\frac{1}{4}$	$9\frac{7}{16}$ - $9\frac{3}{16}$
Spanish Peseta	$8\frac{1}{4}$ - $8\frac{1}{8}$	$8\frac{1}{4}$ - $8\frac{1}{8}$	$8\frac{1}{4}$ - $8\frac{1}{8}$	$8\frac{1}{4}$ - $8\frac{1}{8}$	$8\frac{1}{8}$ - $7\frac{13}{16}$	$8\frac{1}{8}$ - $7\frac{13}{16}$
Sterling	$5\frac{1}{2}$ - $5\frac{1}{4}$	$5\frac{3}{8}$ - $5\frac{1}{4}$	$5\frac{1}{4}$ - $5\frac{1}{8}$	$5\frac{1}{4}$ - $5\frac{1}{8}$	$5\frac{1}{4}$ - $5\frac{1}{8}$	$5\frac{1}{2}$ - $5\frac{3}{8}$
Swiss Franc	$4\frac{1}{4}$ - 4	$4\frac{3}{16}$ - $4\frac{1}{16}$	$4\frac{1}{4}$ - $4\frac{1}{8}$	$4\frac{3}{16}$ - $4\frac{1}{16}$	$4\frac{1}{8}$ - 4	4 - $3\frac{7}{8}$
Can. Dollar	$4\frac{1}{16}$ - $3\frac{15}{16}$	$4\frac{3}{8}$ - $4\frac{1}{8}$	$4\frac{1}{2}$ - $4\frac{1}{4}$	$4\frac{7}{8}$ - $4\frac{5}{8}$	$5\frac{1}{4}$ - 5	$5\frac{3}{4}$ - $5\frac{1}{2}$
US Dollar	$3\frac{9}{16}$ - $3\frac{7}{16}$	$3\frac{11}{16}$ - $3\frac{9}{16}$	$3\frac{11}{16}$ - $3\frac{9}{16}$	$3\frac{7}{8}$ - $3\frac{3}{4}$	$4\frac{3}{16}$ - $4\frac{1}{16}$	$4\frac{11}{16}$ - $4\frac{9}{16}$
Italian Lira	$8\frac{1}{2}$ - 8	$8\frac{1}{2}$ - 8	$8\frac{1}{2}$ - 8	$8\frac{1}{2}$ - 8	$8\frac{1}{4}$ - $7\frac{7}{8}$	$8\frac{1}{2}$ - $8\frac{1}{8}$
Yen	$2\frac{3}{8}$ - $2\frac{1}{8}$	$3\frac{1}{4}$ - $3\frac{1}{8}$	$2\frac{1}{2}$ - $2\frac{1}{4}$	$2\frac{5}{16}$ - $2\frac{3}{16}$	$2\frac{5}{16}$ - $2\frac{3}{16}$	$2\frac{1}{2}$ - $2\frac{1}{4}$
Asian $Sing	$3\frac{1}{2}$ - $2\frac{1}{2}$	$3\frac{1}{2}$ - $2\frac{1}{2}$	$3\frac{1}{2}$ - $2\frac{1}{2}$	4 - 3	4 - 3	$4\frac{1}{4}$ - $3\frac{1}{4}$

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.08	94.02	-0.08	94.09	94.02	38,350	87,474
Sep	94.39	94.32	-0.09	94.41	94.31	16,643	45,668
Dec	94.58	94.47	-0.13	94.59	94.45	15,382	33,690
Mar	94.63	94.55	-0.13	94.65	94.54	7,929	39,516

■ **THREE MONTH EURODOLLAR** (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.67	95.65	-0.03	95.67	95.65	711	4884
Sep	95.25	95.24	-0.02	95.25	95.24	231	2181
Dec	94.80	94.79	-0.05	94.80	94.80	50	1480
Mar	94.58	94.54	-0.08	94.59	94.58	61	730

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.48	94.50	-	94.53	94.48	29645	260998
Sep	94.73	94.73	-0.01	94.78	94.71	31871	169004
Dec	94.86	94.83	-0.05	94.90	94.81	50485	155006
Mar	94.90	94.90	-0.02	94.97	94.87	36826	133836

■ **THREE MONTH EUROLIRA INT.RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	91.71	91.68	-0.06	91.71	91.63	11043	59143
Sep	91.86	91.86	-0.08	91.90	91.83	6342	26540
Dec	92.05	92.02	-0.08	92.07	92.00	5105	38376
Mar	92.04	92.02	-0.06	92.08	92.01	441	5050

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.07	96.01	-0.05	96.08	96.00	4057	34102
Sep	96.13	96.08	-0.05	96.15	96.07	549	6973
Dec	96.05	95.99	-0.06	96.05	95.99	77	4805
Mar	95.95	95.87	-0.08	95.99	95.86	28	186

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.02	93.99	-0.06	94.06	93.99	1078	11161
Sep	94.22	94.19	-0.07	94.26	94.19	598	11256
Dec	94.34	94.28	-0.09	94.38	94.28	486	6615
Mar	94.34	94.28	-0.10	94.34	94.28	272	770

* LIFFE futures traded on APT

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	95.70	95.65	-0.04	95.70	95.64	122,669	492,655
Sep	95.28	95.23	-0.05	95.28	95.28	99,897	359,030
Dec	94.84	94.80	-0.05	94.84	94.84	60,110	281,403

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	96.09	96.09	-0.02	96.09	96.07	4,639	37,684
Sep	-	95.74	-	-	94.73	662	6,937
Dec	95.41	95.41	-0.03	95.41	95.40	18	2,874

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	CALLS Jun	Sep	Dec	PUTS Jun	Sep	Dec
9450	0.11	0.32	0.46	0.11	0.09	0.13
9475	0.04	0.18	0.30	0.29	0.20	0.22
9500	0.02	0.09	0.19	0.52	0.36	0.36

Est. vol. total, Calls 5264 Puts 1698. Previous day's open int., Calls 203370 Puts 145818

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Jun	Sep	Dec	PUTS Jun	Sep	Dec
9600	0.12	0.21	0.26	0.11	0.13	0.27
9625	0.04	0.10	0.15	0.28	0.27	0.41
9650	0.01	0.05	0.07	0.50	0.47	0.56

Est. vol. total, Calls 0 Puts 300. Previous day's open int., Calls 489 Puts 3054

EMS EUROPEAN CURRENCY UNIT RATES

Mar 24	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.808628	0.797281	+0.000916	-1.40	4.58	9
Netherlands	2.19672	2.16721	-0.00183	-1.34	4.52	-
Germany	1.94964	1.92622	-0.00281	-1.20	4.37	-
Belgium	40.2123	39.7930	-0.0068	-1.04	4.20	8
France	6.53883	6.59435	+0.00649	0.85	2.24	-7
Denmark	7.43679	7.58272	+0.01002	1.96	1.13	-13
Spain	154.250	158.152	+0.281	2.53	0.57	-18
Portugal	192.854	198.856	+0.198	3.11	0.00	-21
NON ERM MEMBERS						
Greece	264.513	282.361	+0.168	6.75	-3.41	-
Italy	1793.19	1911.30	+4.82	6.59	-3.28	-
UK	0.786749	0.767392	+0.000283	-2.46	5.71	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Apr	May	Jun	PUTS Apr	May	Jun
1.400	9.22	9.11	9.12	-	0.02	0.18
1.425	6.79	6.82	6.97	-	0.17	0.46
1.450	4.39	4.68	4.99	0.06	0.52	0.97
1.475	2.34	2.88	3.33	0.45	1.20	1.78
1.500	0.88	1.60	2.10	1.48	2.36	2.93
1.525	0.22	0.77	1.22	3.27	3.97	4.53

Previous day's vol., Calls 8,861 Puts 10,273. Prev. day's open int., Calls 509,982 Puts 433,673

UK INTEREST RATES

LONDON MONEY RATES

Mar 24	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6 - 5	$5\frac{7}{16}$ - $5\frac{1}{4}$	$5\frac{1}{4}$ - $5\frac{1}{8}$	$5\frac{1}{4}$ - $5\frac{1}{8}$	$5\frac{1}{4}$ - $5\frac{1}{8}$	$5\frac{1}{2}$ - $5\frac{3}{8}$
Sterling CDs	-	-	$5\frac{5}{32}$ - $5\frac{3}{32}$	$5\frac{3}{16}$ - $5\frac{1}{8}$	$5\frac{7}{32}$ - $5\frac{5}{32}$	$5\frac{7}{16}$ - $5\frac{1}{4}$
Treasury Bills	-	-	$4\frac{31}{32}$ - $4\frac{7}{8}$	$4\frac{3}{4}$ - $4\frac{11}{16}$	-	-
Bank Bills	-	-	$4\frac{29}{32}$ - $4\frac{27}{32}$	$4\frac{29}{32}$ - $4\frac{27}{32}$	$4\frac{29}{32}$ - $4\frac{27}{32}$	-
Local authority deps.	$5\frac{1}{16}$ - $4\frac{15}{16}$	$5\frac{3}{16}$ - $5\frac{1}{16}$	$5\frac{1}{8}$ - 5	$5\frac{3}{16}$ - $5\frac{1}{16}$	$5\frac{3}{16}$ - $5\frac{1}{16}$	$5\frac{5}{16}$ - $5\frac{3}{16}$
Discount market deps.	$5\frac{3}{4}$ - 5	$5\frac{3}{16}$ - $5\frac{3}{16}$	-	-	-	-

UK clearing bank base lending rate $5\frac{1}{4}$ per cent from February 8, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	$1\frac{1}{2}$	4	$3\frac{3}{4}$	$3\frac{3}{4}$	$3\frac{1}{2}$

Certs of Tax dep. under £100,000 is $1\frac{1}{2}$pc. Deposits withdrawn for cash $\frac{1}{2}$pc.
Ave. tender rate of discount 4.8058pc. ECGD fixed rate Stg. Export Finance. Make up day February 28, 1994. Agreed rate for period Mar 26, 1994 to Apr 25, 1994, Schemes II & III 6.50pc. Reference rate for period Feb 1, 1994 to Feb 28, 1994, Schemes IV & V 5.265pc. Finance House Base Rate $5\frac{1}{2}$pc from Mar 1, 1994

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.82	94.73	-0.10	94.83	94.70	35165	116878
Sep	94.65	94.54	-0.13	94.67	94.50	26617	77249
Dec	94.37	94.25	-0.14	94.39	94.21	23659	106615
Mar	94.04	93.86	-0.22	94.06	93.83	11167	35496

Traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Jun	Sep	Dec	PUTS Jun	Sep	Dec
9450	0.27	0.25	0.20	0.04	0.21	0.45
9475	0.11	0.14	0.12	0.13	0.35	0.62
9500	0.04	0.07	0.06	0.31	0.53	0.81

Est. vol. total, Calls 5681 Puts 7270. Previous day's open int., Calls 136846 Puts 130258

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Allied Trust Bank	5.25	Exeter Bank Limited	6.25	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	Standard Chartered	5.25
Bank of Baroda	5.25	Girobank	5.25	TSB	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	●United Bk of Kuwait	5.25
Bank of Cyprus	5.25	Habib Bank AG Zurich	5.25	Unity Trust Bank Plc	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Western Trust	5.25
Bank of India	5.25	Heritable & Gen Inv Bk.	5.25	Whiteaway Laidlaw	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25	Yorkshire Bank	5.25
Barclays Bank	5.25	C. Hoare & Co	5.25		
Brit Bk of Mid East	5.25	Hongkong & Shanghai	5.25		
●Brown Shipley	5.25	Julian Hodge Bank	5.25		
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
Clydesdale Bank	5.25	Meghraj Bank Ltd	5.25		
The Co-operative Bank	5.25	Midland Bank	5.25		
Coutts & Co	5.25	* Mount Banking	6		
Credit Lyonnais	5.25	NatWestminster	5.25		
Cyprus Popular Bank	5.25	●Rea Brothers	5.25		

● Members of British Merchant Banking & Securities Houses Association
* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

CAF Money Management Co Ltd [illegible]

The CBF Charities Deposit Account [illegible]

Cent. Bd. of Fin. of Church of England [illegible]

Money Market Bank Accounts

Coutts & Co [illegible]

Dao Heng Bank (London) PLC Premier Acc [illegible]

Fidelity Money Market Account [illegible]

Halifax Bldg Soc Asset Reserve Cheque Acc [illegible]

Aitken Hume Bank plc [illegible]

Julian Hodge Bank Ltd [illegible]

Allied Trust Bank Ltd [illegible]

Humberclyde Finance Group [illegible]

Leopold Joseph & Sons Limited [illegible]

Kleinwort Benson Ltd [illegible]

Kleinwort Benson Private Bank [illegible]

American Express Bank Ltd [illegible]

Lloyds Bank - Investment Account [illegible]

Bank of Ireland High Interest Cheque Acc [illegible]

Midland Bank plc [illegible]

Bank of Scotland [illegible]

Nationwide Bldg Soc - Businessinvestor [illegible]

Barclays Select [illegible]

Portman Bldg Soc Prestige Cheque Account [illegible]

Barclays Prime Account H.I.C.A. [illegible]

Rea Brothers Limited Bankers [illegible]

Brown Shipley & Co Ltd [illegible]

Royal Bank of Scotland plc Premium Acc [illegible]

Caledonian Bank Plc [illegible]

Save & Prosper/Robert Fleming [illegible]

Cater Allen Ltd [illegible]

Tyndall Bank plc [illegible]

Charterhouse Bank Limited [illegible]

TSB Trust Limited [illegible]

Clydesdale Bank Flexible Solution Acc [illegible]

United Dominions Trust Ltd [illegible]

The Co-operative Bank [illegible]

J. Henry Schroder Wagg & Co Ltd [illegible]

Western Trust High Interest Cheque Acc [illegible]

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Mar 24 / Sch)

BELGIUM/LUXEMBOURG (Mar 24 / Frs.)

DENMARK (Mar 24 / Kr)

FINLAND (Mar 24 / Mks)

FRANCE (Mar 24 / Frs.)

GERMANY (Mar 24 / Dm.)

ITALY (Mar 24 / Lire)

NETHERLANDS (Mar 24 / Fls.)

NORWAY (Mar 24 / Kroner)

SPAIN (Mar 24 / Pta.)

SWEDEN (Mar 24 / Kronor)

SWITZERLAND (Mar 24 / Frs.)

PACIFIC

JAPAN (Mar 24 / Yen)

HONG KONG (Mar 24 / H.K.$)

MALAYSIA (Mar 24 / MYR)

SINGAPORE (Mar 24 / S$)

AUSTRALIA (Mar 24 / Aust$)

NORTH AMERICA

CANADA

TORONTO (Mar 24 / Can $) 3:30 pm

MONTREAL (Mar 24 / Can $) 3:30 pm

AFRICA

SOUTH AFRICA (Mar 24 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are 1993-94, except Toronto & Montreal (daily). # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

FT FREE ANNUAL REPORTS SERVICE
You can obtain the current annual reports of companies annotated with ♣. Ring 081 770 0770 or fax 081 770 3822, quoting FT Japan. (If calling from outside UK, dial +44 81 770 0770 or fax +44 81 770 3822, quoting FT Japan). The Reports will be sent on the next working day. If faxing please remember to state FT Japan and also your post code.

■ TOKYO - MOST ACTIVE STOCKS: Thursday, March 24, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Fuji Heavy Inds	8.3m	413	+12	Isuzu Motors	4.5m	467	+19
Seikitokyu Kogyo	7.0m	660	+14	Mitsubishi Matl	4.1m	503	+4
Nippon Steel	5.7m	342		Honshu Paper	4.1m	770	+19
Tokyu Corp	5.7m	759	-14	Sanyo Electric	3.8m	510	+2
Toyota Motor	5.0m	2,020	-10	Chino Corp	3.7m	1,190	+70

INDICES

US INDICES

Dow Jones	Mar 23	Mar 22	Mar 21	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Industrials	3869.46	3862.55	3864.85	3978.36 (31/1/94)	3241.95 (20/1/93)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	101.92	101.80	101.88	108.77 (18/10/93)	101.80 (22/3/94)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	1725.01	1714.42	1714.42	1862.29 (2/2/94)	1453.84 (4/1/93)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	206.50	207.95	205.97	256.46 (31/8/93)	205.97 (21/3/94)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3901.41 (3898.23) Low 3838.80 (3840.66) (Theoretical♣)
Day's high 3881.55 (3880.11) Low 3857.08 (3861.11) (Actual♣)

Standard and Poors	Mar 23	Mar 22	Mar 21	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Composite ‡	468.54	468.80	468.54	482.00 (2/2/94)	429.05 (8/1/93)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials¥	549.57	549.76	550.27	560.59 (2/2/94)	498.48 (26/4/93)	560.59 (2/2/94)	3.62 (21/6/32)
Financial	44.06	44.02	43.83	48.40 (28/9/93)	39.89 (8/1/93)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	260.28	260.24	259.91	267.71 (2/2/94)	236.21 (8/1/93)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	473.39	471.73	470.77	487.89 (2/2/94)	395.84 (8/1/93)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Comp	797.51	796.34	797.30	803.93 (18/3/94)	645.87 (26/4/93)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Mar 18	Mar 11	Mar 4	Year ago
Dow Jones Ind. Div. Yield	2.62	2.61	2.62	2.95
	Mar 16	Mar 9	Mar 2	Year ago
S & P Ind. Div. yield	2.37	2.37	2.39	2.44
S & P Ind. P/E ratio	24.58	24.53	24.34	26.62

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	470.50	469.00	-1.70	470.55	468.85	41,718	179,985
Sep	471.00	470.95	-1.65	471.10	470.95	182	4,748
Dec	-	473.50	-	-	473.50	205	4,428

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Merck	8,414,900	29⅞	-⅛
Telefonos	5,490,000	64⅛	-⅛
Glaxo	3,269,700	18⅞	-1
Chrysler	2,923,200	58⅝	+1⅛
Philip Morris	2,877,500	53⅞	+1⅛
Wal-Mart	2,671,400	27⅞	+⅛
IBM	2,661,100	57	-1¼
Lomas Fin	2,599,900	9⅞	+1⅞
Sunshine Mn	2,218,400	2⅞	——
RJR Nabisco	2,169,600	6⅞	+⅛

■ TRADING ACTIVITY

● Volume (million)

	Mar 23	Mar 22	Mar 21
New York SE	176.483	264.066	244.961
Amex	20.341	20.675	18.882
NASDAQ	NA	306.233	261.551
NYSE			
Issues Traded	2,747	2,760	2,776
Rises	1,151	1,186	816
Falls	954	927	1,509
Unchanged	642	667	601
New Highs	85	78	55
New Lows	41	67	113

‡ Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♣ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¥ Subject to official recalculation.

3:45 pm March 24

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993/94 High	Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
17⅞	11½	AAR	0.48	2.9	54	272	16⅞	16½	16⅝	-⅛
20⅞	12¾	A L Labs A	0.18	1.1	39	374	16¾	16⅝	16⅝	-½
67¼	54⅝	AMP	1.68	2.7	22	1627	63⅝	62⅞	62⅞	-¾
72¾	55½	AMR			29	8257	61⅛	59⅛	59½	-1⅞
5	1¾	ARX			16	80	4⅞	4¾	4¾	-⅛
58⅛	29⅞	ASA	2.00	4.4	30	1000	46⅛	45⅝	45⅝	
30¾	22⅞	AbbotL	0.76	2.8	18	11151	28⅛	27⅜	27⅜	-¾
13¾	8¼	Abitibi Pr	0.50	3.8	8	28	13	12⅞	13	
15⅞	8¼	Aeptincele			21	42	11½	11⅜	11⅜	-⅛
36	28½	ACE Ltd	0.40	1.5	4	439	27	26¾	26¾	
12⅝	10¾	ACM Gvt In	1.08	9.3		380	11¾	11⅝	11¾	
10⅛	8½	ACM GvOpp	0.80	9.2		47	8¾	d8½	8⅝	
10⅝	8¼	ACM Gvt Sp	0.98	10.4		310	9½	9¼	9¼	-⅛
12¼	10½	ACM Gvt Se	1.09	10.1		545	11	10⅞	10⅞	
12¼	9⅝	ACM Man	1.08	10.8		524	10	9⅞	10	
9⅜	8½	ACM Managd	0.72	8.6		234	8½	d8⅜	8⅜	-¼
12⅜	7¾	AcmeClv	0.44	4.6	11	6	9⅝	9½	9½	-⅛
11⅜	6⅝	Acme Elect			34	6	8⅛	8	8	-⅛
28¼	18⅜	Acordia	0.60	2.1	14	207	28⅛	28	28⅛	+¼
9¼	6⅛	Actava x	0.36	5.0	2	154	7¼	7⅛	7¼	+¼
16	10⅞	Acuson			97	91	12⅝	12½	12⅝	
21¾	17¾	Adams Expr	0.36	2.1	0	277	17⅝	17½	17½	-⅛
66¼	45½	Ad Micro	3.00	4.9		207	61½	60⅝	60¾	-1¼
32¾	18¾	AdvMic	3.00	10.0	13	9719	30⅝	29⅝	30	-⅝
8⅛	5½	Advest Grp	0.16	2.5	10	60	6½	6⅜	6⅜	-¼
24⅞	14¼	Advo Inc	0.10	0.5	123	155	18½	18⅛	18½	
58½	41⅛	Aegon ADR	1.23	2.5	11	44	50	49⅞	49⅞	-⅛
66¼	43⅞	AetnaL	2.76	5.0	10	2169	56⅝	55⅛	55¼	-1¼
34	24¾	AFlac	0.40	1.3	13	1532	31⅛	30⅝	30⅝	-⅝
22⅛	16⅜	Ahmanson	0.88	5.0	11	1245	17⅜	17⅜	17½	+⅛
7¾	1⅜	Aileen Inc			3	38	3⅜	3⅛	3⅛	-⅛
[illegible]										

Continued on next page

3 45 pm March 24

NYSE COMPOSITE PRICES

Continued from previous page

1993/94 High	Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24¾	13⅛	StyIQ x	0.36	2.6	7	6551	13⅞	13⅝	13¾	
27	10⅞	Safeway			28	3583	26⅝	26	26⅛	-⅜
6⅞	2	SafewayW96				65	6¼	6⅛	6⅛	-¼
57⅞	37½	StJoePaper x	0.20	0.4	300	106	57¼	56¼	57	-⅛
37⅞	28	StJustLAP	1.80	6.0	15	10	30	29¾	30	+⅛
98	75	StPaul	3.00	3.9	7	1698	78⅝	76¾	77⅜	-1⅜
11⅞	6⅛	Salant Crp			10	221	8⅛	8	8	-¼
75¼	38⅞	SallieMae	1.40	3.2	9	1198	44½	44	44⅛	-½
14⅞	12⅝	Salomon Br	0.34	2.6		520	13½	13¼	13¼	-¼
57¾	34	Salomn	0.64	1.2	6	1767	52	51½	51⅞	-⅞
27¾	22⅞	SnDgGE	1.52	6.6	12	260	23	22¾	22⅞	-⅛
11⅞	8⅝	SantaFeERs	0.16	1.7	10	730	10	9⅝	9⅝	-¼
40¼	35¾	SantaFePac	2.80	7.2	18	29	39⅛	38¾	38⅞	-¼
28¼	12¾	SanFeP	0.10	0.4	13	2808	25	24⅝	25	+½
31⅛	21	SaraLee	0.64	3.0	14	7681	21⅞	21½	21⅝	
52¼	40⅛	Scana Corp	2.82	6.0	12	47	47⅛	46⅞	47	-⅛
25⅞	16⅞	Scecrp	1.42	8.3	11	7050	17⅛	d16⅞	17⅛	-⅛
40½	23⅞	SchererRP			29	41	39⅜	39⅛	39⅛	-⅛
71	51¾	SchrPl	1.80	3.2	13	6782	57⅝	56¼	57⅛	+⅜
68⅞	54⅝	Schlmb	1.20	2.1	23	3780	57⅞	56⅝	57¼	-¼
38⅞	16½	Schwab(C)	0.28	0.9	14	1720	31	30⅛	30½	-⅛
10⅝	5⅝	SchwBzar			29	182	10⅜	10⅛	10⅜	+¼
38⅞	17¼	SciAtl	0.12	0.4	62	1453	31⅞	30⅞	31⅛	-1⅛
10⅞	9⅛	Scotman	0.10	0.7	14	32	15½	15⅛	15⅛	-⅛
48¾	31	ScottP	0.80	1.8	11	1991	45¾	44¼	44½	-1
28⅝	14¼	ScuddrNAsF	0.21	0.9		113	23⅜	22⅞	23¼	-⅛
12⅝	7½	ScuddrNEuF	0.16	1.4		175	11⅝	11⅜	11⅜	-¼
31½	16¾	SeaCnB	0.70	4.1	8	z100	17⅛	17⅛	17⅛	
19½	14⅝	TNP Enterp	1.63	9.4	17	61	17⅜	17	[illegible]	[illegible]
77⅞	52½	TRW	1.86	2.5	22	769	74¾	73⅝	[illegible]	[illegible]
25⅞	5¼	T2 Medcl x	0.10	1.0	9	1457	10½	10¼	[illegible]	[illegible]
30¾	17⅛	Taiwan Fd				281	26¼	25½	[illegible]	[illegible]
9	3⅛	Talleyind	0.42	7.1	7	247	6¼	5¾	[illegible]	[illegible]
14½	6½	Talley Pf	1.00	8.9		21	11¼	11	[illegible]	[illegible]
65	39⅛	Tmbrds	1.68	4.1	21	1967	40⅞	40⅜	[illegible]	[illegible]
16⅝	8½	Tandem			3	2458	15⅝	15¼	[illegible]	[illegible]
50¾	24⅝	Tandy	0.60	1.4	17	3127	43⅝	42¼	[illegible]	[illegible]
13½	10⅝	Taurus Mun	0.70	6.4		32	10⅞	10⅞	[illegible]	[illegible]
25⅞	19½	Teco Energ	0.96	4.8	15	347	20⅛	19⅞	[illegible]	[illegible]
32⅝	20⅛	Tktrnx	0.60	2.0	20	1477	30⅝	30¼	[illegible]	[illegible]
5	1¼	Telecm			19	10	3½	3½	[illegible]	[illegible]
27¾	17⅝	Teldyn	0.80	4.4	13	2871	18⅛	17⅞	[illegible]	[illegible]
46⅛	29½	TeleEspSA	1.05	2.7	7	3104	40⅛	39¼	[illegible]	[illegible]
76	44⅜	Telmex	1.53	2.6	12	58767	61	59⅝	[illegible]	[illegible]
54¾	37¼	Tmpinl	1.00	2.1	39	1744	48	47⅝	[illegible]	[illegible]
30⅝	14⅞	TempltEmMk	0.17	0.7		280	25¼	24⅞	[illegible]	[illegible]
9⅛	7¼	TempltGlob	0.80	8.0		335	7½	7⅜	[illegible]	[illegible]
9	7¼	TempltGlFd x	0.60	8.1		3253	7½	7⅜	[illegible]	[illegible]
58¾	39⅛	Tnneco	1.60	2.9	21	1754	58¾	55⅞	[illegible]	[illegible]
30	21¾	Teppco Pts	2.28	7.9	11	106	29¼	29	[illegible]	[illegible]
31⅛	13	Teradyne			27	1470	27⅝	26¾	[illegible]	[illegible]
11⅞	6⅛	Terex	0.06	0.7	1	118	9	8½	[illegible]	[illegible]
8¾	3½	Terra Inds	0.08	1.1	21	1576	7½	7	[illegible]	[illegible]
12⅜	3	Tesoro			20	1020	11¼	10¾	[illegible]	[illegible]
69½	57⅝	Texaco	3.20	4.9	14	4337	66⅜	65⅛	[illegible]	[illegible]
53⅞	50⅜	Texaco C	3.00	5.9		z100	50⅜	50⅝	[illegible]	[illegible]
39¾	21¼	Texas Ind	0.20	0.5	48	622	39¼	38⅞	[illegible]	[illegible]
89½	45⅞	TxInst	0.72	0.9	16	12284	85⅝	81⅞	[illegible]	[illegible]

[illegible]

NASDAQ NATIONAL MARKET

3:45 pm March 24

[illegible]

AMEX COMPOSITE PRICES

3:45 pm March 24

[illegible]

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
Bowne x	0.30	13	902	u28½	26¾	26¾	-⅜
Brascan A	1.04	13	33	13¼	13⅛	13⅛	-⅛
Calprop		8	12	1⅛	1⅛	1⅛	+⅛
Cambrex	0.30	14	2	23½	23½	23½	-⅛
Can Marc	0.28	22	12	12⅛	12⅛	12⅛	
Chmbrs A	0.01	7	753	3⅞	3⅝	3⅝	-¼
Chambers		7	10	3½	3¾	3¾	-⅛
Champion		39	86	27	26½	26⅝	-⅜
Chiles		261	645	5¾	5⅝	5⅝	-⅛
CircPh	0.04	31	1027	12⅝	12	12	-⅝
Cmtl FdA	0.01		449	5¾	5½	5⅝	+⅛
Forest La		26	4186	46⅝	43½	44	-3¾
Frequency		2	3	4⅛	d4⅛	4⅛	
Garan	0.80	9	19	29	28¾	28¾	-⅛
Giant FdA	0.70	16	1273	26⅛	25⅝	26⅛	+⅜
GlatfIr	0.70	37	73	17⅛	16¾	17⅛	+¼
Goldfield		10	121	½	d½	½	
Greenman		34	30	6¾	6⅝	6⅝	-¼
Gulf Cda	0.34	11	104	3⅛	3⅛	3⅛	+⅛
HanDir		44	883	u7⅞	7½	7⅝	-¼
Hasbro	0.28	16	1445	36½	35⅝	36	-⅜
MSR Expl		14	45	⅞	d½	⅞	
Nat Patnt		10	241	4⅞	4⅞	4⅞	
NY TmA	0.56	396	1112	28	27⅝	27⅞	
NthCanOil	0.20	9	17	9¼	9⅛	9¼	
NumacE		115	z100	5¾	5¾	5¾	
NVR		72	57	8⅞	d8½	8½	-⅜
Odetics A		34	135	9¾	9¼	9¾	
Olsten	0.24	115	349	u34¾	34⅜	34½	
Pegasus G	0.40	113	2086	20½	20¼	20⅜	+⅜
Penril	0.60	55	30	13⅝	13⅛	13⅜	+⅛
UtdFoodsA		4	10	1¾	1¾	1¾	
UtdFoodsB	0.20	87	2	1¾	1¾	1¾	
UnivPtnts		18	226	8⅝	8⅜	8½	
US Cellul		59	201	26⅞	26¾	26⅞	-⅛
ViacomA		26	217	34¾	33½	34¼	-⅛
ViacomB			3562	29⅞	29½	29⅞	
Weatherfd		25	725	10⅜	10⅛	10¼	
Westamer	0.60	23	19	28	27¾	28	+¼
WIRET	1.12	19	23	13¾	13½	13⅝	
Worthen	0.60	9	138	22⅛	21¼	21¼	-⅞
Xytronix		6	26	6	5¾	5⅞	-⅛

AMERICA

Dow sharply lower on weakness in bonds

Wall Street

US stocks went into a tailspin as political turmoil in Mexico, and renewed uneasiness over interest rates rattled investors, *writes Frank McGurty in New York*.

By 1 pm, the Dow Jones Industrial Average was 55.28 lower at 3,814.18. The move beyond the 50-point decline mark during the morning triggered the NYSE's "uptick" rule, which places restrictions on program selling.

The more broadly based Standard & Poor's 500 was down 4.89 at 463.65. Volume on the NYSE was moderate, with 183m shares traded by 1 pm, but declining issues overwhelmed advances by 1,780 to 392.

In the secondary markets, the American SE composite dropped 3.98 to 469.40, while the Nasdaq composite lost 13.59, or 1.7 per cent, to 783.92.

Bond prices fell sharply as dealers sold off their Treasury holdings as a hedge against further declines in the Brady bond market for emerging market debt. The action came in the wake of the assassination of the leading candidate for the Mexican presidency the previous evening. By midday, yields on the benchmark 30-year government bond were again approaching the 7.00 per cent barrier, rattling investors in both markets.

NYSE volume

The lingering rate worries were brought into sharp focus with the decision late on Wednesday by leading US commercial banks to lift their prime lending rates a quarter of a percentage point to 6.25 per cent. The higher rate will only modestly increase the cost of borrowing for businesses, but more importantly, the move reinforced the impression that a period of easy money, which has fuelled the economy's recent recovery, would sooner or later come to an end.

As result, cyclical stocks, which generally benefit from glad economic tidings, suffered severe setbacks. Caterpillar plunged $4¼ to $116⅞, International Paper shed $1¼ to $69⅝ and DuPont was marked down $1⅛ to $56⅛.

Automobile and oil issues showed marked weakness. General Motors lost $2⅛ to $58, Ford backtracked $2⅞ to $60⅞ and Chrysler $2⅛ to $55⅞.

Banks, which sought to protect their profit margins by lifting their prime rates, held up relatively well amid the general downturn. Citibank dipped $⅝ to $37⅞ and Chase Manhattan $¼ to $32⅞.

Not surprisingly, American depositary receipts of Mexican companies were hammered. Telefonos de Mexico was $3⅜ lower at $60⅛ in heavy volume of nearly 6.6m shares.

Investors had little enthusiasm for International Business Machines ahead of an afternoon briefing, during which its chairman was expected to unveil his turnround strategy for the company. The stock sagged $1¼ to $56.

Canada

Toronto stocks fell on profit-taking and the Wall Street tumble after Wednesday's record high, the TSE 300 composite index losing 44.23 to 4565.70 at midday.

Turnover was C$661.3m. Only precious metals bucked the downtrend, with the sub-index up 230.80, or 2.15 per cent, to 10,957.66.

EUROPE

Paris worried by new issue procession

A weak dollar and lower US treasuries undermined European debt and equity markets, *writes Our Markets Staff*.

PARIS was buffeted both by Alcatel Alsthom's FFr5bn convertible bond announced after the close on Wednesday, and rumours that Total might be planning a FFr7bn issue on Monday.

Combining this with weakness elsewhere on the continent, the CAC-40 index lost 47.61 or 2.1 per cent to 2,152.56. The market had already discounted a cut in the intervention rate, a 10 basis point cut coming at lunchtime. Turnover was FFr6bn on the last day of the account.

Mr Michael Woodcock of Nikko Europe said that investors were becoming worried by the number of companies tapping the market, either through convertibles or rights issues.

Total lost FFr12.20 to FFr319.40, while Alcatel was off FFr26 at FFr680.

Crédit Lyonnais came out with a 1993 loss of FFr6.9bn after the close, worse than most analysts' forecasts, the CI's ending the session down FFr5 at FFr714.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

Mar 24 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1438.27	1439.84	1441.25	1438.66	1437.64	1432.54	1430.50	1425.41
FT-SE Eurotrack 200	1471.61	1471.53	1473.02	1472.17	1467.88	1462.74	1461.68	1464.56

	Mar 23	Mar 22	Mar 21	Mar 18	Mar 17
FT-SE Eurotrack 100	1445.73	1439.48	1436.71	1445.51	1461.88
FT-SE Eurotrack 200	1478.00	1477.51	1479.54	1485.49	1503.36

Base value 1000 (26/10/90); High/day: 100 - 1441.35; 200 - 1473.83 Low/day: 100 - 1425.41 200 - 1454.56

FRANKFURT did a double take, rising first on February's M3 growth rate of 17.6 per cent, not as high as some flights of fancy suggested on Wednesday, then falling as professionals decided that the Bundesbank, which still had obvious money supply problems, would not be accelerating its interest rate reductions in the near future.

The Dax index closed the session 0.55 higher at 2,161.68, but dropped to an Ibis-indicated 2,144.36 in the post-bourse. Turnover rose again, from DM9.1bn to DM10.6bn, but Mr Thomas Nolten, of B Metzler in Frankfurt, said that this seemed to reflect trading, rather than investment decisions.

On the afternoon slide Mr Nolten said that the bond market went sour, the dollar down, and that US equities were also a weakening influence. Even the recent strength in cyclicals, he said, had come into question by the end of the day.

AMSTERDAM weakened sharply as the market came to terms with the rise in US interest rates earlier in the week. The AEX index fell back by 7.29, or 1.8 per cent to 408.09.

Financial issues were among the heaviest losers; cyclicals, such as the chemical groups DSM and Akzo Nobel, which have been notable performers in recent days, also dipped. DSM fell Fl 1.60 to Fl 124.50 and Akzo Nobel by Fl 5.60, or 2.5 per cent to Fl 219.20.

Philips and its associate Polygram fared better than the norm, with respective falls of 50 cents and 80 cents to Fl 52 and Fl 76.20: Polygram yesterday announced the purchase of a Russian record company.

ZURICH turned back after an early rally, unable to maintain the firmer trend of of the previous two sessions. The SMI index finished 6.2 lower at 2,850.8.

Nestlé fell SFr16 to SFr1,213 with its 7 per cent profits rise coming at the bottom end of expectations: analysts commented that restructuring costs had been higher than expected. Sandoz registered shares and certificates rose SFr20 and SFr50 respectively to SFr3,970 after the pharmaceuticals group announced a higher dividend and plans simplify its share structure.

MILAN was becalmed for much of the day by the fraught political situation ahead of the general election, although a selling flurry enlivened the end of the session. The Comit index fell 4.05 to 667.25.

Stet put on L104 to L5,107 on heightened expectations that it was about to sell Italtel, its telecommunications equipment maker subsidiary, to Siemens.

Fondiaria, the insurance group, lost L617 or 5.1 per cent to L11,401 after the French insurer, Groupama, said that it would exercise an option to sell its 20 per cent stake in the Fondiaria Assicurazioni subsidiary. Toro, Fiat's insurance subsidiary, fell L195 to L26,000 in spite of its announcement of higher premium income.

MADRID's general index fell 4.78, or 1.4 per cent to 330.58. Banesto dropped Pta45 to Pta805 although it secured union support for its restructuring plan ahead of Saturday's shareholders' vote.

ISTANBUL dropped another 5 per cent, although selective buying interest emerged towards the close. The composite index fell 686.45 to 12,980.72.

● Changes to FT-Actuaries World Indices, International Companies and Finance page.

Written and edited by William Cochrane, John Pitt and Michael Morgan

ASIA PACIFIC

Nikkei turns positive as region falls back

Tokyo

Index-linked buying by investment trusts lifted share prices and the Nikkei index closed higher for the first time in five days, *writes Emiko Terazono in Tokyo*.

The Nikkei 225 average ended 75.80 to 20,037.90 after a low of 19,870.09 in the morning and a high of 20,075.81 in the afternoon. Selling by institutions and arbitrageurs depressed prices following an overnight fall in the Chicago futures market. Investment trust buying and small-lot purchases by foreign investors later absorbed the sales.

The Topix index rose 0.49 to 1,614.91 but the Nikkei 300 fell 0.18 to 296.34. Gainers led losers by 553 to 467 with 163 issues unchanged.

In London, the ISE/Nikkei 50 index rose 4.36 to 1,333.63.

Volume was 360m shares, down from Wednesday's 425m, as most investors remained inactive ahead of today's end of the March account.

Volatility on the bond market also kept investors away from stock investments. Mr Rod Smyth, strategist at Baring Securities, said that the situation now was similar to 1987, when Japanese bonds followed global bond markets down. Since cyclical shares outperformed the interest rate sensitive shares in 1987, he advised a move into cyclicals from financials.

A rise in commodity prices, such as cotton and copper, supported textile and non-ferrous metal stocks. Nisshinbo Industries, a textile company, rose Y40 to Y1,120 and Fuji Spinning gained Y34 to Y564. Dowa Mining advanced Y16 to Y560 and Sumitomo Metal Mining Y13 to Y914.

Fuji Heavy Industries, a financially troubled car manufacturer, was the day's most active issue rising Y12 to Y413. Mounting expectations of better earnings attracted investors, although some car makers lost ground on profit-taking, with Toyota Motor down Y10 to Y2,020 and Honda Motor losing Y10 to Y1,740.

In Osaka, the OSE average rose 2.32 to 22,173.10 in volume of 194.6m shares.

Roundup

The pendulum swung back, mostly reflecting interest rate worries, bond market declines and profit-taking.

HONG KONG took profits ahead of an expected rise in domestic interest rates today, the Hang Seng index ending 144.78, or 1.5 per cent lower at 9,320.75. Brokers said that many positions were futures-linked.

Turnover shrank from HK8.15bn to HK$7.01bn. The Jardine group stayed under pressure on its decision to delist from Hong Kong, the parent easing HK$1 to HK$48.25 while its affiliate, HK Land, lost 40 cents at HK$21.40.

Cheung Kong dropped HK$1.75 to HK$39; it showeda 56 per cent jump in 1993 net profit after the close.

KUALA LUMPUR fell 1.6 per cent, giving back a good part of Wednesday's gains on renewed selling which reflected a new KLSE rule covering stockbroking firms, and the length of their clients' purchase positions. The KLSE composite index closed 16.43 lower at 983.52.

KARACHI took a technical correction after rises for six consecutive sessions, and the KSE 100 index fell 38.74, or 1.5 per cent to 2,622.57.

BOMBAY fell in low volume, still reeling under the impact of a ban on carry forward trade and a broker default, and worried further by the prospect that tainted shares involved in a two-year old securities scandal might be attached by the income tax authorities. The BSE index dropped another 45.35 to 3,681.47.

NEW ZEALAND dropped mainly on a weaker domestic bond market, the NZSE-40 index closing 33.91 lower at 2,174.81. Telecom was the biggest loser on the day, down 19 cents to NZ$5.31, and brokers suggested profit-taking. Turnover was NZ$66m.

AUSTRALIA, similarly, blamed the bond market, and subdued overseas equities as the All Ordinaries index closed 11.1 lowerat 2,169.8. Turnover was A$627m.

SOUTH AFRICA

Bullion's rally above $390 an ounce helped golds post major gains. The JSE's overall index rose 58 to 5,241, with gold shares up 85 at 2,209 and industrials 26 better at 5,975. Near-term index futures also rose to a premium.

LATIN AMERICA

Uncertain prospects for Mexico

With the country's financial markets closed yesterday following the assassination of thepresidential candidate, Mr Luis Donaldo Colosio on Wednesday, active trading in Mexican equities was seen in New York and Europe.

A rush of sell orders initially led to the suspension of Telmex ADRs in New York. They were later requoted and were trading at midsession down $3⅛ at $60⅞.

Ms Sarah Lavers of Latinvest in London commented that European investors had taken a measured view of events so far, with expectations of a possible correction in the market of between 5-10 per cent.

A more important test would come from US investors, she added, while the key determinant of the market's future direction would come from the currency markets. If the local currency weakened appreciably, then this would clearly put a certain amount of pressure on companies with dollar debt, she said.

Investors were waiting to see whether Mr Manual Camacho Solis, who had announced earlier in the week that he would not put his name forward as a presidential candidate, would change his mind.

Kleinwort Benson's Latin American team commented that the central bank was likely to allow the peso to break out of its trading band in the short-term, while interest rates were also expected to rise.

Elsewhere, equities opened sharply lower in **BUENOS AIRES** where the Merval index dropped 2.2 per cent to 589.16.

This followed a gain of 4.7 per cent on Wednesday, and a rise of 2.8 per cent on Tuesday.

Fed move hits European turnover

By Michael Morgan

Equity trading in the leading European markets declined in February after the strong growth of the previous two months. Turnover declined by 8.2 per cent last month after rising by 15.3 per cent in January and 12.2 per cent in December.

February's fall accompanied a 4.4 per cent decline in the FT-A Europe index, following the decision by the Federal Reserve to raise US short-term interest rates on February 4. The move took the markets by surprise: they had not been expecting any tightening until mid-year. It also triggered panic selling by hedge funds in the bond markets and the instability quickly spilled over into equities.

Mr James Cornish at NatWest Securities notes, however, that in contrast to the declining activity in domestic markets the volume of European stocks traded on Seaq International, the London screen-based system, managed a 0.2 per cent rise on the month. This took London's share of trading in continental European equities to 16.1 per cent of the total activity in the domestic markets in February, up from 15.2 per cent in January and 14.8 per cent in December.

"This continuing faster volume growth in international trading, compared with domestic market activity, confirms continued involvement of international investors in the European markets, including sales by US institutional investors as the going became tougher," says Mr Cornish.

February's turnover downturn accompanied falls in the market indices for all eight countries. The Italian market, down only 0.6 per cent, suffered less than the others while its turnover, against the trend, rose by a massive 46.7 per cent to a record level. This represented an 82 per cent rise on the average for the previous three months and took Italian turnover, for the first time, above that seen in France over the month.

Italy saw record inflows into mutual funds in February while strong US demand for Italian equities has also emerged this year, with the investors tending to overlook immediate political uncertainties ahead of the general election on Sunday and Monday. Instead they are concentrating on the longer term corporate and economic outlook.

EUROPEAN EQUITIES TURNOVER
Monthly total in local currencies (bn)

Bourse	Nov 1993	Dec 1993	Jan 1994	Feb 1994	US $bn
Belgium	78.39	91.60	107.56	95.76	2.73
France	191.05	218.65	251.96	244.62	42.16
Germany	177.99	211.05	219.29	176.59	103.45
Italy	35,092.8	41,385.6	53,924.0	79,109.6	46.90
Netherlands	27.20	25.40	35.00	32.00	16.69
Spain	1,384.6	1,267.5	1,521.82	1,400.80	10.07
Switzerland	29.60	31.30	39.70	33.90	23.76
UK	52.61	55.79	65.31	59.80	88.92

Volumes represent purchases and sales.
Italian data adjusted to include off-market trading. Some figures may be revised.
Source: NatWest Securities

The privatisation programme held the key to Italian trading with February seeing the successful sell-off of the IMI financial services group and the run up to the sale of BCI.

In addition, the telecommunications sector returned to favour as plans went ahead to bring together five separate companies under one umbrella, in preparation for privatisation later in the year.

Germany was the month's biggest loser with turnover down 19.5 per cent, and 12.9 per cent on the average for the previous three months, as the motor sector, and particularly BMW put in a strong performance but financials were neglected.

But with share prices down 3.7 per cent overall, the large fall in turnover was regarded as a return to more normal, but still good, levels after the records seen in December and January.

Switzerland was another loser, with turnover down 14.6 per cent from January's record, as investors judged that the time was ripe to take profits in the banks after the sector's strong run-up to its reporting season.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY MARCH 23 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY MARCH 22 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993/94 High	1993/94 Low	Year ago (approx)
Australia (69)	175.59	2.0	174.31	118.13	153.82	164.38	1.9	3.30	172.13	171.71	115.34	151.10	161.28	189.15	130.19	137.68
Austria (17)	189.48	0.2	188.08	127.46	165.96	166.06	0.1	0.94	188.98	188.52	126.63	165.89	165.86	195.41	139.63	141.21
Belgium (42)	168.84	0.4	167.61	113.59	147.91	144.76	0.2	3.87	168.11	167.70	112.64	147.57	144.44	171.89	141.92	149.59
Canada (107)	141.01	1.5	139.99	94.87	123.53	139.16	1.4	2.41	138.87	138.53	93.05	121.90	137.31	145.31	121.46	125.27
Denmark (32)	262.56	-0.7	260.65	176.64	230.01	236.78	-0.8	0.99	264.52	263.87	177.25	232.19	238.65	276.79	196.66	196.95
Finland (22)	145.35	-0.4	144.29	97.79	127.33	169.49	-0.3	0.68	145.89	145.54	97.76	128.07	169.94	158.72	73.12	73.12
France (98)	176.85	0.2	175.56	118.98	154.92	158.74	0.0	2.90	176.46	176.03	118.24	154.89	159.74	185.37	149.60	156.61
Germany (59)	137.74	1.1	136.74	92.66	120.66	120.66	0.8	1.71	136.31	135.98	91.34	119.65	119.65	142.38	107.59	111.14
Hong Kong (56)	388.29	4.9	385.47	261.23	340.15	385.11	4.9	2.76	370.13	369.24	248.02	324.91	367.11	506.56	245.14	245.14
Ireland (14)	190.79	0.2	189.40	128.35	167.13	187.06	-0.1	3.20	190.31	189.86	127.52	167.06	187.31	209.33	148.15	148.15
Italy (69)	76.15	0.1	75.60	51.23	66.71	94.73	-0.2	1.76	76.06	75.88	50.97	66.77	94.98	78.93	55.21	57.31
Japan (469)	151.87	-1.2	150.76	102.17	133.04	102.17	-0.8	0.79	153.76	153.38	103.03	134.97	103.03	165.91	119.90	121.36
Malaysia (69)	469.34	4.1	465.93	315.75	411.16	492.29	4.1	1.54	450.77	449.68	302.05	395.70	473.03	621.69	277.11	277.32
Mexico (18)	2163.11	5.1	2147.37	1455.25	1894.90	7869.64	5.3	0.64	2057.91	2052.90	1378.94	1806.44	7470.05	2647.06	1431.17	1534.24
Netherland (26)	199.12	0.4	197.67	133.96	174.43	172.26	0.2	3.25	198.24	197.76	132.84	174.02	171.84	207.43	163.30	165.51
New Zealand (14)	68.33	0.1	67.83	45.97	59.86	63.61	0.1	3.68	68.27	68.10	45.74	59.93	63.56	77.59	45.46	45.71
Norway (23)	199.92	-0.1	198.47	134.50	175.13	196.88	-0.3	1.67	200.21	199.72	134.16	175.75	199.44	208.42	150.61	151.12
Singapore (45)	309.81	3.1	307.56	208.43	271.41	226.43	3.1	1.73	300.55	299.82	201.39	263.83	219.66	378.92	217.80	218.57
South Africa (60)	260.75	-1.6	258.65	175.42	228.42	264.44	-1.0	2.32	264.65	264.20	177.47	232.48	267.01	280.26	161.98	171.31
Spain (42)	146.00	0.6	144.94	98.23	127.90	152.67	0.2	3.79	145.21	144.86	97.30	127.47	152.30	155.79	116.33	126.55
Sweden (36)	215.64	0.1	214.07	145.08	188.91	250.92	-0.1	1.52	215.34	214.82	144.29	189.03	251.06	230.02	154.79	156.04
Switzerland (49)	163.24	1.1	162.05	109.82	143.00	144.42	0.9	1.56	161.46	161.07	108.19	141.73	143.13	176.56	112.94	115.06
United Kingdom (215)	193.75	-0.8	192.34	130.35	169.73	182.34	-1.4	3.81	195.53	195.05	131.02	171.84	185.05	214.96	170.01	171.85
USA (519)	190.62	0.0	189.43	128.38	167.16	190.82	0.0	2.77	190.85	190.39	127.88	167.53	190.85	196.04	176.91	183.01
EUROPE (744)	168.18	0.0	166.96	113.14	147.33	159.98	-0.3	2.87	168.19	167.78	112.70	147.64	160.50	178.58	138.56	140.32
Nordic (113)	208.65	-0.2	207.13	140.37	182.78	212.38	-0.3	1.31	208.98	208.47	140.03	183.44	212.85	220.60	145.85	146.51
Pacific Basin (722)	160.93	-0.5	159.76	108.27	140.98	112.57	-0.2	1.08	161.79	161.40	108.41	142.03	112.79	168.80	124.58	125.80
Euro-Pacific (1466)	163.80	-0.3	162.61	110.20	143.49	131.17	-0.2	1.84	164.30	163.90	110.09	144.23	131.50	170.78	130.91	131.62
North America (626)	187.72	0.1	186.36	126.29	164.45	187.21	0.1	2.75	187.62	187.16	125.72	164.69	187.12	192.73	173.70	178.43
Europe Ex. UK (529)	150.73	0.6	149.63	101.40	132.04	140.12	0.3	2.30	149.91	149.54	100.45	131.59	139.66	155.73	120.70	120.92
Pacific Ex. Japan (253)	249.51	3.5	247.69	167.86	218.58	229.31	3.5	2.67	241.00	240.41	161.49	211.55	221.57	296.21	169.48	169.48
World Ex. US (1651)	165.47	-0.2	164.27	111.32	144.95	134.67	-0.1	1.85	165.82	165.41	111.11	145.55	134.67	172.51	132.02	132.68
World Ex. UK (1955)	170.87	-0.1	169.62	114.95	149.68	148.21	0.0	2.02	170.96	170.55	114.56	150.07	148.16	175.59	145.88	146.42
World Ex. So. Af. (2110)	172.37	-0.1	171.12	115.96	151.00	151.31	-0.1	2.19	172.58	172.16	115.64	151.49	151.44	178.58	148.03	148.60
World Ex. Japan (1701)	185.93	0.3	184.58	125.09	162.88	181.48	0.2	2.76	185.35	184.90	124.20	162.70	181.11	195.20	164.42	164.60
The World Index (2170)	172.89	-0.1	171.63	116.31	151.45	152.19	-0.1	2.19	173.13	172.71	116.01	151.97	152.34	178.97	148.14	148.65

■ CONSTRUCTION EQUIPMENT III: J.C. BAMFORD (JCB)

Supply chain links grow tighter

A leading UK equipment builder exemplifies the changing relations between engineering customers and suppliers

One of the best ways to examine the changing nature of the relationship between customer and supplier in the engineering industry – producing benefits for both sides – is to look at developments in the construction equipment sector.

J.C. Bamford (JCB), Britain's biggest construction equipment producer, is a case in point. Its supplier base has been thinned from 750 in the mid-1980s to about 250, sorted by quality, and brought into continuous cost reduction programmes much as has occurred at most leading producers of excavators and other earth-moving equipment.

Within the past three or four years, JCB has moved to classifying its suppliers depending on their strategic importance to the company, with the most crucial being drawn into the company's new product development programme at a much earlier stage.

In return for a reasonable guarantee of long-term business, so long as they can satisfy JCB on cost and quality, the more important suppliers are expected to make suggestions on how their own products can be better used and are trusted to do a lot of the detailed design work themselves so long as they keep to performance parameters.

The idea is to use suppliers' expertise rather than having to do everything in-house, says Mr John Appleby, former JCB purchasing director for its main machines and now, following a reorganisation last year, managing director of its wheeled loader division.

For example, two suppliers, Airflow Streamline of Northampton and German-based Rexroth, were deeply involved in designing respectively the cab and hydraulics system for JCB's new wheeled loader after being shown the prototype.

Alternatively, JCB has used a deeper relationship with a supplier to solve a problem, such as it had with electrical wiring harnesses. Larger suppliers geared to automotive industry volumes were not interested in supplying JCB, and small suppliers were underskilled and under-capitalised, says Mr Appleby.

JCB identified one supplier, Wexford Electronics, with potential for improvement and worked together with the Waterford-based company to develop all the attributes necessary to become the preferred supplier, with a dedicated team producing parts just for JCB.

A further approach is to give the supplier responsibility for delivery direct to the production line. This is increasingly happening in the crucial, yet perhaps somewhat humdrum area of industrial fasteners – nuts, bolts and rivets etc.

Here, JCB has set up a direct line feed from MBS Distribution, the Birmingham-based fastener distribution company which now supplies fasteners on a daily basis to the production line, controls quality and stores goods to JCB's specification.

The arrangement means that JCB does not have to worry about its fasteners, but it also has benefits for MBS, says Mr Floyd Thorpe, its managing director. Three years ago, before it started such arrangements, it had 23,000 different customers, and had to carry huge stocks because it was living


Loader manager John Appleby: use suppliers' *expertise rather than do it all in-house*

on a day-to-day basis. Crucially, it was not making money. It decided to change course, and now 90 per cent of its business is on a customised basis for 60-65 customers including JCB and other big names such as Black & Decker and Otis.

It receives advanced notice of changes in production levels so can prepare accordingly, carries fewer lines of stock because it is more focused, and can strongly influence the use of fasteners in new products.

"We have three people permanently on-site at JCB and the whole of MBS has been turned into mini-businesses closely focused on customers," he says.

There are costs, however, in such *relationships*, which mean the supplier is holding stock for the customer and is also having to deliver fewer parts less often. Last year, MBS commissioned an activity-based costings analysis from World Class International, the Hampshire-based industrial consultants, to enable it to cost with confidence any future just-in-time arrangements which it takes on.

Mr Thorpe is convinced that the new strategy is the main reason for MBS' recent turnround into profit and sharp rise in annual sales from about £8m in the late 1980s to £15m-£16m at present.

The downside of such relationships, of *course*, is when the customer hits trouble or goes bust. Leyland Daf was a big customer before it went into receivership, and MBS would have lost 5 per cent of its sales if nothing had survived of the van and truck producer. Happily, it has continued supplying to the Leyland Daf van plant in Birmingham following last year's buyout. Customers, though, can also have such problems, especially during a recession. Mr Appleby recalls a situation where JCB heard on a Friday that a strategic supplier of fabrications was to call in the receivers on the following Monday.

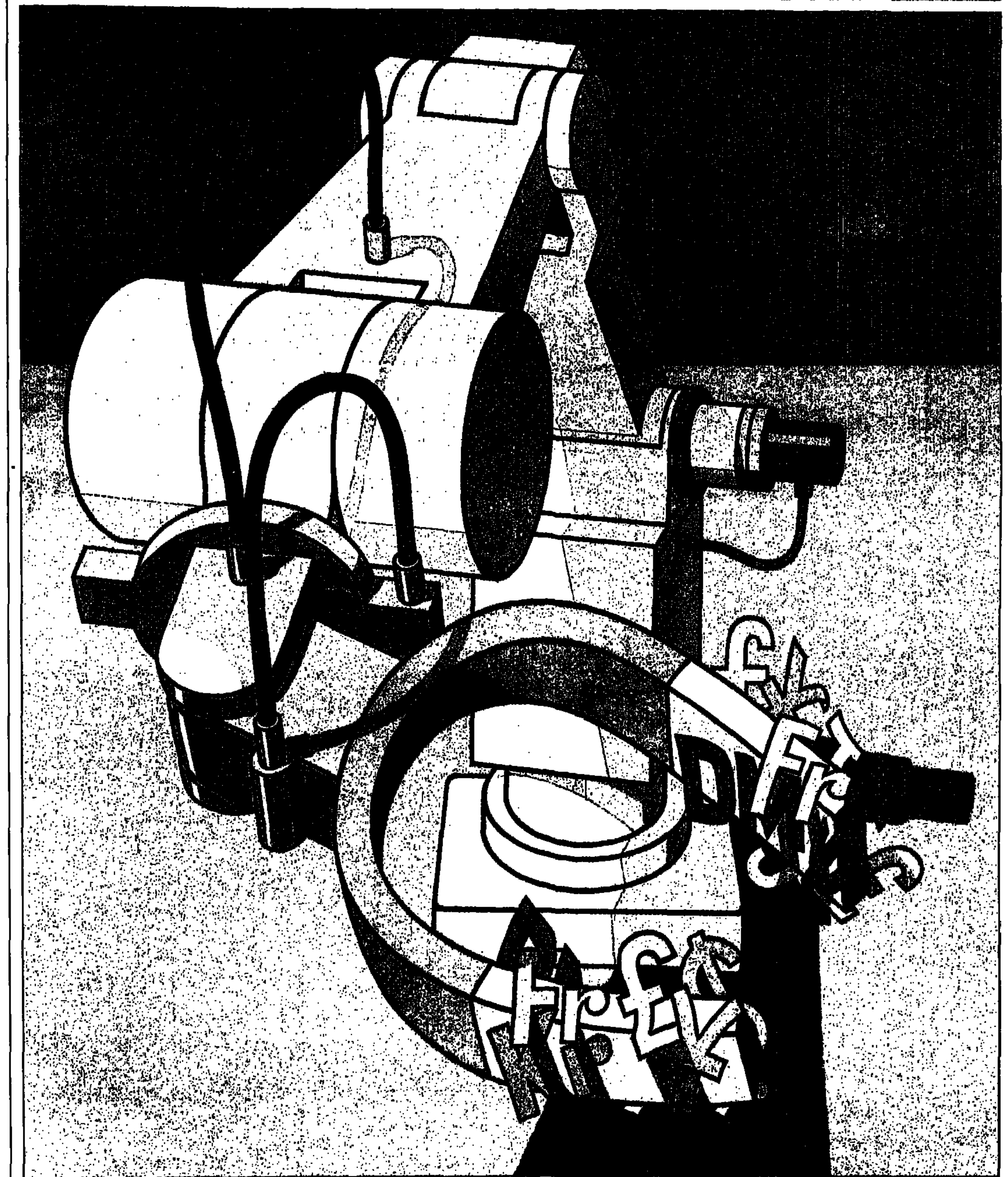
Over the weekend, JCB had 22 truckloads of work-in-progress and tools shifted to other suppliers, with executives including Mr Appleby operating fork-lifts to complete the task. "We don't want any more like that," he says.

Andrew Baxter

SPRING 1994

Ingenuity

THE ENGINEERING REVIEW



Robots invade new territory ◌ Training for finance ◌ Who invests in R&D ◌ Skill raising at Rover ◌ Construction machinery update ◌ Do prize winners really succeed? ◌ Springtime for lawnmowers ◌ Circuit board revolution

هكذا من الأصل

☐ ANDREW BAXTER SURVEYS THE STATE OF THE INDUSTRY

Survivors from the storm

Many companies are producing better and more competitively priced products thanks to technical and managerial innovation and workforce flexibility. This issue of INGENUITY examines changes in the UK and other parts of Europe

Any hard-pressed engineering company executive wondering whether it is worth putting years of effort into developing successful businesses while staving off recession and adapting to change would have found some answers at a birthday party in Cambridgeshire last month.

The occasion was the silver jubilee of the Caparo Group, the steel and engineering products business built up by Dr Swraj Paul from a small company in Huntingdon – hence the lunch in nearby St. Ives, attended by the local MP, Mr John Major, the Prime Minister.

Dr Paul began with £5,000 in 1968 and has built Caparo into one of the largest family-owned businesses in the UK, basically by adding value through turning steel into engineered products such as fabrications, forgings and fasteners.

"There are those who once wrote off the steel business and advised against continued investment in it," said Dr Paul. "I think we have proved that there is no such thing as a bad business, there is only bad management. Times may be difficult and conditions may be adverse, but managers with skill and with faith in human resources will always be able to prosper."

Dr Paul said the importance of Mr Major's attendance went well beyond celebrating Caparo's success. It signified the Prime Minister's direct endorsement of a "vision in which we all participate – the revival of prosperous, modern British manufacturing".

Mr Major, in turn, made it clear where he stood on the importance of manufacturing. "There are some who regard manufacturing as almost marginal, and some who regard it as fundamental," he said. "I take my stand with the second school. I don't regard manufacturing as a cinderella industry – making things matters."

Mr Major's remarks must have been a relief to people in engineering who endured the 1980s when service industries were all the rage and must have wondered if an incumbent of 10 Downing Street would ever talk like that again. Even so, there are many who still feel the government is only paying lip service to the importance of the engineering industry.

The Prime Minister also talked about the success, innovation, skill and far-sighted judgment he had seen as he went round manufacturing and non-manufacturing activities in the UK. Too little is heard of some of these remarkable successes, he complained.

Today's second FT Ingenuity Survey chronicles some of the success stories in the UK engineering industry as companies use innovation, in the form of new products and new manufacturing methods, to enhance their productivity and competitiveness.

It looks, for example, at new product development at the six engineering companies which the FT has recently been tracking out of the recession. It also includes examples from continental countries such as Germany and Sweden, where the phrase "making things matters" is taken as read but important changes are under way as engineering companies react to new circumstances.

In Germany, for example, the changes in manufacturing and organisation at Siemens are an attempt to mitigate the effects of high labour costs by further exploiting the advantages of manufacturing in Germany – notably a highly-skilled workforce.

The survey also looks at the suppliers of equipment to engineering companies – notably machine tools and robots – and what they are doing to help customers increase their productivity, and hence profits.

This is perhaps of crucial importance in the UK, where the decline in the manufacturing and engineering base over the past 15 years makes it all the more important that what is left is internationally competitive, even world class.

As Mr Howard Davies, director general of the Confederation of British Industries, said in a lecture last month at the City University, the UK's manufacturing base has declined more and faster than those of other countries.

In 1960, the UK accounted for 16.5 per cent of world trade in manufactures, while Germany had 19.3 per cent and France had 9.6 per cent.

By 1990, the UK share had fallen to 8.6 per cent while Germany's rose to 20.2 per cent and France's edged up to 9.7 per cent. The Japanese made the biggest gains during the period but the US lost only about a quarter of its share while the UK's fell by nearly half.

New line: ABB Robotics' 1400 robot with the S4 Controller and windows programming unit

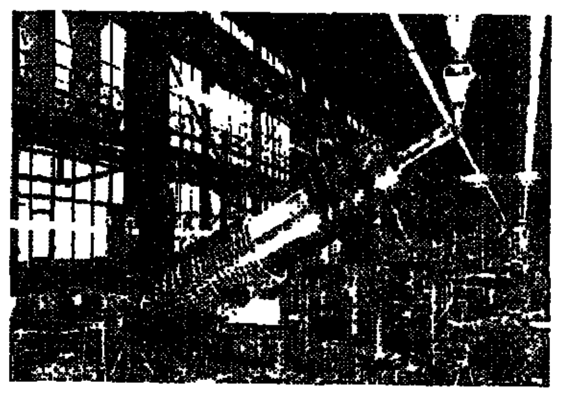
Mr Davies described engineering's contribution to the decline as significant, with a third of the sectors that make up engineering moving into a trade deficit during the 1980s, joining the one sixth that were already showing a negative balance.

The decline in the manufacturing base has had two important effects, he said: first, a very significant change in the shape of the economy is likely to leave a large number of casualties in its wake, and secondly, the UK has found it difficult to benefit from the newly-growing areas of the world economy.

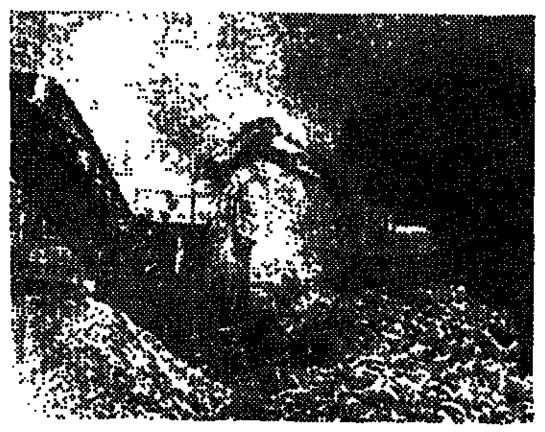
With the emergence of new competitive threats from low-wage economies, Mr Davies foresees two significant pressures on the engineering industry. First, even though wages in industrialising nations

■ Continued opposite

ON OTHER PAGES



Mülheim plant of Siemens power group KWU



A VME Akerman loader at work in a quarry

Editorial production: Maurice Samuelson Page design: Robin Coles Cover illustrator: Robin MacFarlan Advertising sales: Paul Jefferis (tel: 021 454 0922)

Siemens of Germany is a many sided company. On this page ANDREW BAXTER examines its role in health and power equipment

A letter from Professor Röntgen

Since supplying X-ray tubes to their inventor in 1897, Siemens has become one of the world's largest medical engineering groups – and plans to keep its dominance

In November 1897, the company that is now Siemens' medical engineering group received a letter from Professor Wilhelm Röntgen, discoverer of X-rays. Its X-ray tubes were very good, he said, but could he have them for DM20 each rather than DM30?

"From experiences I have made elsewhere this proposal should be quite acceptable, since it is an exceptional case and you might perhaps be interested in further orders from my side," he wrote.

Nearly a century later, the Siemens business is one of the largest in the medical engineering field worldwide, with sales of DM7.9bn in 1992/93 and about 30,000 employees. It also has the broadest product line, ranging from computed tomography (CT) scanners that fill a room to cardiac pacemakers and hearing aids.

But the pressures on producers of medical equipment have intensified. As with other fast-developing technologies such as personal computers, customers for high-technology medical equipment bought by hospitals and universities expect more performance for the same or lower prices. A DM1m scanner could be priced at DM600,000 a year later.

The Siemens medical engineering group has traditionally been global, with factories in the US and 10 other countries, besides Germany. Five of the 14 product divisions are based in the US and two others in Sweden.

But Germany, where the group employs 13,000 people, still accounts for some 40 per cent of its workforce and the company is committed to conserving the considerable investment it has made in its domestic base.

Last year, it announced a DM85m investment to transform its plant at Forchheim, near its base in Erlangen, into one of the most modern medico-technical manufacturing facilities in the world.

The plant already assembles angiography systems, and will be expanded to produce CT scanners from later this year. But the shake-up will also involve moving all the functions of the two businesses to the factory, from product development through to marketing.

The combined laboratory, office building and manufacturing plant is expected to deliver a big reduction in the number of manufacturing hours per system along with shorter lines of communication between departments to accelerate product development.

Significantly, Mr Werner Maly, chief executive officer of the medical engineering group, said the changes represented an important part of the productivity programme with which the group would compensate for the disadvantages of maintaining its operations in Germany – high costs and, more recently, currency depreciation.

At the same time the investment is intended to capitalise on the advantages of manufacturing in Germany, notably the country's highly qualified workforce.

Some of the many other changes underway or being planned within the medical engineering group illustrate the importance not only of reducing costs but also responding to customers' changing needs as they bear down on the costs of health care.

In the magnetic resonance imaging division, Mr Thomas Miller is planning a big shake-up of everything from organisation to manufacturing – for a product that was not even on the market until 1982. Mr Miller, who became general manager nearly two years ago, says the division is world-class for a "classical" engineering company but not for a modern one.

A weighty tome on his desk, *The Plan*, maps out the future for the division. A classic functionally-oriented hierarchy is being thrown out in favour of a process-oriented structure. This followed a successful experiment at Erlangen in manufacturing coils – a key component that amplifies the electro-magnetic signal from the human body – which put all those involved into a group and produced coils faster and cheaper.

Forchheim's angiograph assembly line: soon it will also make tomography scanners

Mr Miller comments that the excellent training and competence of the workforce had increased the barriers between different functions. "But if you can break down the barriers, the potential is even greater," he says.

Strategically, the company is looking very hard at the advantages of changing from being manufacturer of MR systems to an integrator, allowing it to put more emphasis on core competences – the ones on which customers decide which company's system to buy – and outsourcing everything else.

On the engineering and product development side, teamwork is replacing the former very linear product design process, while by 1996, engineering and manufacturing will be brought together under one roof in Erlangen. The factory is currently three kilometres away but might as well be in China, says Mr Miller. The aim will be to have a single assembly line producing multiple products, thus responding to an expected proliferation of MR products.

The overall plan is aggressive, Mr Miller admits, but his target of doubling profitability in five years, even if revenues fail to rise, is "absolutely achievable", he says.

In the CT division, the move to Forchheim is viewed as an important development by Dr Rolf Hupke, marketing manager. The closer links between departments will bring further improvements in product development times and in manufacturing times, he says.

The division also wants to be in a good position to offer more frequent upgrades of products, in line with customers' demands, rather than announce a big bang every five years. Consequently, it is taking a more modular approach to product design.

Other changes also reflect the changing nature of the market place. The research and development department is now aiming at developing what is needed rather than what Dr Hupke calls the "best of the best," and products are being designed with specification tailored to market needs, to reduce the cost.

The division's latest Somatom AR range is the first to be developed on a design-for-cost basis, and it is also designing machines so that installation costs are reduced and service intervals extended. The result, says Dr Hupke, is that the overall cost for the customer has been reduced dramatically.

The clear link between cost reduction and business success is also apparent in the group's lithotripsy products, which use shock waves to treat kidney stones and gall-stones. Over the past two and a half years a "cost-half" programme has reduced the price of these machines to below DM1m. The price cut will "open up the market," says Mr Wolfgang Feindor, executive director of the lithotripsy, urology and surgery division and the Röntgen systems division.

The programme has involved new attitudes in R&D groups, and a new organisation which has swept away walls between R&D and manufacturing. Significantly, by cutting development times on new products from five years in the 1980s to two years, more money is released for spending on marketing. Part of the programme has involved getting the message over to employees about costs.

■ STEAM TURBINES

Fossils still have plenty of power

With Siemens' thermal generating equipment made mostly in high-wage Germany, the company has to fight harder to remain competitive among the world's top five producers

While some of the technologies in Siemens' medical systems business are no more than a decade or two old, the fossil power side of the company's KWU power generation business has roots going back to 1866 when Werner von Siemens discovered the dynamoelectric principle.

But for Prof Klaus Riedle, executive director of the Erlangen-based fossil power unit, the challenges of running the business are modern.

It is one of the big five competitors in an increasingly global market for power generating equipment, but has a much higher proportion of its workforce in the high cost centre of Germany than its rivals.

With some 10,000 of its 12,000 workers worldwide employed in Germany, Prof Riedle says: "We will have to make our German plants more competitive."

In Germany, the fossil power business makes large steam turbines and turbogenerators at Mülheim on the Ruhr, smaller generators in Erfurt, gas turbines in Berlin, and industrial turbines at Wesel and Görlitz. Overseas it has a factory in Milwaukee which makes smaller gas turbines and generators, a gas turbine joint venture in St Petersburg and a components manufacturing company in Indonesia.

The spread of manufacturing gives a clue as to how the company is trying to reduce its manufacturing costs. Prof Riedle sees two ways of doing this: one is by decreasing the proportion of added value in its products contributed by its older, domestic factories, implying the use of cheaper manufacturing locations in Europe or elsewhere.

The second, closely-related approach is to combine manufacture of the equipment with low cost producers, hence the joint ventures such as in Indonesia. The company is negotiating others joint ventures in Asia for manufacturing steam turbines and generators, says Prof Riedle.

KWU's long-running negotiations with Skoda in the Czech republic, for example, are based around the premise that a lower-cost country can produce a number of parts for a turbine more efficiently than the German factories, provided quality is maintained and the logistics of marrying up parts for the same turbine are addressed.

Parts such as casings or those involving labour-intensive welding are ideal, but Siemens could move progressively to a much higher proportion of manufacturing at Skoda if the deal is signed.

Already, it has moved in this direction on gas turbine manufacturing at Milwaukee. "Step by step we have increased the added value to half and half, split between the two sites of Berlin and Milwaukee," says Prof Riedle. All gas turbines for the 60Hz market, North America and parts of Asia, are now leaving KWU via Milwaukee.

Meanwhile, considerable improvement efforts have been made over the past decade in the German plants. This began with rationalisation programmes, where each factory had to save 2-3 per cent of its costs through rationalisation each year. Realising that this was not enough, the company introduced productivity packages at its factories, but these tended to focus on discrete stages of the production process, for example the manufacture of turbine blades, rather than viewing it in its entirety.

A third productivity programme was introduced three years ago, therefore, which considered the process in its entirety, from receipt of an order to dispatch of the product.

The aim of the productivity improvements is to keep Prof Riedle's unit firmly in the Premier League of an industry where the financial implications of productivity and lean production techniques have never been greater.

Prof Riedle admits that the KWU fossil power business still has a long way to go. It has never cut its domestic workforce by more than 1-2 per cent a year, but more severe reductions are foreseen over the next few years in engineering and manufacturing jobs in Germany.

Meanwhile, with orders increasingly being won on the basis of a supplier's ability to deliver more quickly, the efforts made by Siemens in reducing production cycle times, and the overall time to build a power station, are particularly important.

Already it has made considerable progress. It built the recently completed Rye House combined cycle power station in south-east England in 30 months, compared with an average three and a half years in the 1980s, and the next step will be 24 months, says Prof Riedle. Cycle times for large steam turbines are down from 30 months to under two years, and could be reduced to 18 months for standard machines, he says.

Because of the importance of combined cycle power stations, a new effort was launched a year ago to benchmark the business on its performance producing these gas-fired power stations.

Here it is judging itself against a "synthetic" competitor combining all the best qualities of its four big rivals – General Electric and Westinghouse of the US, and the two other European giants, Asea Brown Boveri and GEC Alsthom. Prof Riedle believes no single competitor has all the answers, and believes Siemens can achieve the goals set out in the benchmarking process in three years. With rivals making advances all the time he is clearly determined that Siemens will not lose ground.

■ MANAGEMENT: CONCURRENT ENGINEERING

Teamwork discovers fresh territory

The full potential of CE (concurrent engineering) has barely been used, Andrew Baxter learns on a visit to TransTec

Concurrent engineering – using teamwork to get new and better products on to the market more rapidly – has been a regular feature on the industrial map for the best part of a decade. Now, however, it is moving into new territory.

Most surveys suggest a large proportion of engineering companies in most western countries are using concurrent engineering (CE) in some or all parts of their business. Its benefits are understood, because companies realise from bitter experience how expensive it can be to have to change the design of a product at the last moment.

Some experts say the idea was invented first in Japan and has been rapidly copied, adapted and improved by European companies to stay competitive. Others say the term is simply management-speak for "common sense".

One company that claims to have been using CE long before the phrase was coined is TransTec, the Birmingham-based specialist engineering group. Since its early days in 1982, says Dr Sami Ahmed, executive director, it has frequently used project teams led by a full-time manager who pulls in colleagues from different disciplines to ensure the right product gets to market at the right time.

TransTec is now participating in an ambitious worldwide project to chart the future for concurrent engineering, which can be defined as the consideration during the design phase of the factors associated with the life cycle of the product, including manufacturing, assembly testing, maintenance, reliability, cost and quality.

The old, traditional alternative is a sequential approach, where a product is typically designed, then engineered for manufacturing, then given to the marketing department. It might only be very late in the process, for example, that a maintenance problem might emerge – which could have been spotted if the relevant employees had been involved at the outset. But how can concurrent engineering be carried out in a global manufacturing context? What happens if products are designed in one place and manufactured in a different part of the world?

These are the questions being tackled by a project on global concurrent engineering being carried out under the auspices of the five-continent Intelligent Manufacturing Systems Initiative.

TransTec is leading the European side of the project, which is currently at the feasibility study stage. Other members of the European team, which is backed by funds from the European Union's Esprit research and development programme, include Olivetti of Italy, De Montfort University in Leicester, and the Odense Shipyard in Denmark.

The US team is the North Carolina State University and the California Polytechnic, along with 25 small companies based around the NCSU, while the Canadian team is Northern Telecom, and Carleton University in Ottawa.

The project has five aims: to establish the extent to which CE is practised: to identify the "critical constraints" or obstacles to global manufacturing in terms of technology, technology management and human resources; to synthesise the best practices of CE, and to develop the requirements necessary to diminish the effects of the critical constraints; to design an "architecture" of a CE system for global manufacturing; and finally, to disseminate the results through a Global CE workshop in Patras, Greece next month.

With Odense, one of the world's most sophisticated shipyards, producing large products at big intervals, NorTel producing thousands of small parts, and TransTec somewhere in between, the project has plenty of its own CE experiences to draw on.


TransTec's Ahmed: a worldwide project

But its main information source, says Dr Ahmed, is an elaborate questionnaire which has been sent to hundreds of companies in six sectors: automotive, aerospace, information technology, shipbuilding/marine, telecommunications and electronics design.

In return for some useful information that benchmarks their own performance in all aspects of introducing CE, the companies have contributed data on how long they have been using CE, its benefits, problems faced when it was introduced, and on what sort of employees became involved in the new product development process. The major benefit of CE was seen to be shorter time to market, followed by improved communication, improved product quality and reduced design changes. The biggest problems were resistance to change, managers' reluctance to implement it, and geographical dispersion.

These are the impressions so far: companies are very interested in strategies for implementing CE, especially on a global basis; all CE approaches are "custom-built"; dispersed teams need to build trust through initial face-to-face meetings; CE has industrial benefit through improved quality and reduced changes; IT tools can help but are not an adequate alternative to multifunctional teams.

Problem areas include: implementing CE at the working level; getting managers to "let go" or accept that they may have to delegate more to team members in the interests of faster product development; integrating many teams in large projects; and problems with team turnover and knowledge of teamwork.

Dr Ahmed says it will be impossible to find an architecture for CE that is applicable universally, but it should be possible to produce at least a generalised architecture. This would have a number of requirements: it should be flexible, to allow the design problem to be approached from a variety of viewpoints; the designer should be able to design even if complete information is absent; it should handle the large volume, variety and interdependence of life-cycle information; it should readily interface to database management and CAD systems; it should be easy to use, and should support design audits.

The feasibility study ends this month but participants will now seek backing for a full IMS project, which could last three years and would fully develop an architecture for global CE.

Dr Ahmed sees benefits for TransTec from the project, as it is considering expanding its manufacturing locations, and Japan would need to consider the many human issues involved. TransTec is also a big exporter, so after sales technical support is important, and needs to be included in the CE process. TransTec may even end up with a new product out of the process, he says – a global CE kit which it can sell to industry worldwide.

■ PROFILE: ATCO-QUALCAST

Better news from the grass roots

The UK lawnmower maker is flourishing again thanks to flexible warehousing and manpower, says Andrew Baxter

Tucked away at one end of Atco-Qualcast's half-mile long lawnmower factory at Stowmarket, Suffolk, 16 workers grouped in an assembly cell are making a new rotary mower.

No more than a week's supply of all the parts they need are stored on view next to the cell, and conveyed on a carousel from which the team members choose the parts they need. The team also chooses temporary workers to help in busy times.

The cell is part of a pilot scheme introduced over the past few months at Atco-Qualcast, and symbolises the changes underway – and long overdue – at a company whose name includes two of the strongest brands in the UK lawn-mower industry, but which in 1990 seemed destined for the corporate compost heap.

It is no easy job introducing change into a long-established, traditional company but the challenge is no doubt greater when the company is based in a small, quiet town that still displays some traditions rarely seen nowadays in big industrial centres: There is no staff canteen, for example, because many workers live nearby and go home for lunch.

But by avoiding moving too quickly, and by gradually fostering a spirit of co-operation between management and workforce to replace years of confrontation, Mr Stephen Roberts, managing director, believes the seeds have been sown for turning Atco-Qualcast into an industrial success.

Mr Roberts joined Atco-Qualcast as marketing director in 1991, three years after its former owner, Birmid Qualcast, had been acquired by Blue Circle, the big cement maker. Atco-Qualcast had already been suffering from a classic squeeze – declining sales and market share, and rising fixed costs and stock levels at its two plants in Stowmarket and Derby – but the acquisition also coincided with drought conditions that dented lawnmower sales.

Blue Circle identified Atco-Qualcast as a non-core activity, but selling it was never going to be easy. "It was not viable on two sites and needed to cut costs if there was to be any hope of selling it," he says.

Against a background of overcapacity in a depressed market, and losses during 1990 and 1991, the company eventually decided in April 1991 to close the Derby plant, and consolidate manufacturing at Stowmarket. If the decision had gone the other way, says Mr Colin Barker, manufacturing director and a Derby man himself, it would not have been easy to have persuaded Stowmarket workers to move.

Mr Barker had the challenging task of combining two operations with entirely different philosophies. The Derby plant produced the mass-market Qualcast machines, and was a high-volume low variety operation – an assembly plant with some manufacturing, says Mr Barker.

Stowmarket, meanwhile, produced the large, premium-priced Atco machines and the mid-range Suffolk mowers in medium to low volumes, high variety, and batch-production rather than flow-line assembly. In contrast to Derby, it was a manufacturing plant with some assembly.

The consolidation had an obvious effect on Atco-Qualcast's fixed cost base, but it went a long way beyond simply bringing two plants together.

The company needed to make a number of other changes too, said Mr Barker. It had to match production much more closely to sales, moving away from a system which seemed always to produce too many or too few mowers.

Sales in the UK lawnmower industry depend on a unique mix of factors including the weather and consumer confidence/spending power and are very hard to predict. Inflexible manufacturing methods, therefore, make it difficult both to react to overall changes in volume sales and to switch quickly between products depending on market conditions. Last year, for example, unit sales were nearly the highest ever at 1.39m but in a recession consumers have bought cheaper mowers.

One important action taken was to reduce the permanent workforce to 500 from 900, through the closure of the Derby site, and increase the use of temporary workers to around 120-150 each season – the first five months of the year are the busiest time and many temporary workers then go to work in agricultural jobs.

This has reduced the risk of short-time working for permanent employees and – along with the abolition of piecework – given the necessary labour flexibility.

By moving warehousing off-site and ending the production of tractors and cultivators, space was created for six assembly lines which were set up in 1991 to handle the extra work from the Derby closure. Large, inflexible assembly lines based on moving conveyors were avoided.

Over the past two years, Atco-Qualcast reduced its finished goods and work in progress by £8.4m, and in 1992 it returned to profit – £1.3m before interest and tax.

By the end of that year a number of parties had become interested in what had become a much more saleable company, but Mr Roberts and four other executives – Mr Barker, Mr Brian Slythe, sales director, Mr Gordon McMeechan, finance director, and Mr Arland Shawe-Taylor, technical director – pipped them to the post after being given seven days by Blue Circle to organise a £17m buyout, backed by the Candover venture capital group.

The assembly cell for the rotary Quadtrack mower, and a nearby cell for a new hedgecutter, are examples of further changes made since the deal.

A new £500,000 paint plant, which began operating earlier this year, is aimed at dramatically raising productivity by replacing what Mr Barket calls "Dante's Inferno," a manually operated paint shop. When this is removed, further space will be created.

Some £1.5m to £2m has been spent since the buy-out, and there has been a solid improvement in financial performance. In the first half of last year profits rose 12 per cent to just over £4.5m on an 8 per cent increase in sales to more than £30m on a comparable basis.

By reducing the cost base, the traditional losses in the much quieter second half of the year will have been reduced. But the creation of space in the factory gives the opportunity not only of plugging a few gaps in Atco-Qualcast's lawnmower range but also, Mr Roberts hints, for eventually finding a new business that might reduce the company's "seasonality".

■ Continued from opposite page

will not stay at the current levels as the aspirations of their populations rise, there will be cost pressure, especially on manufacturing wages.

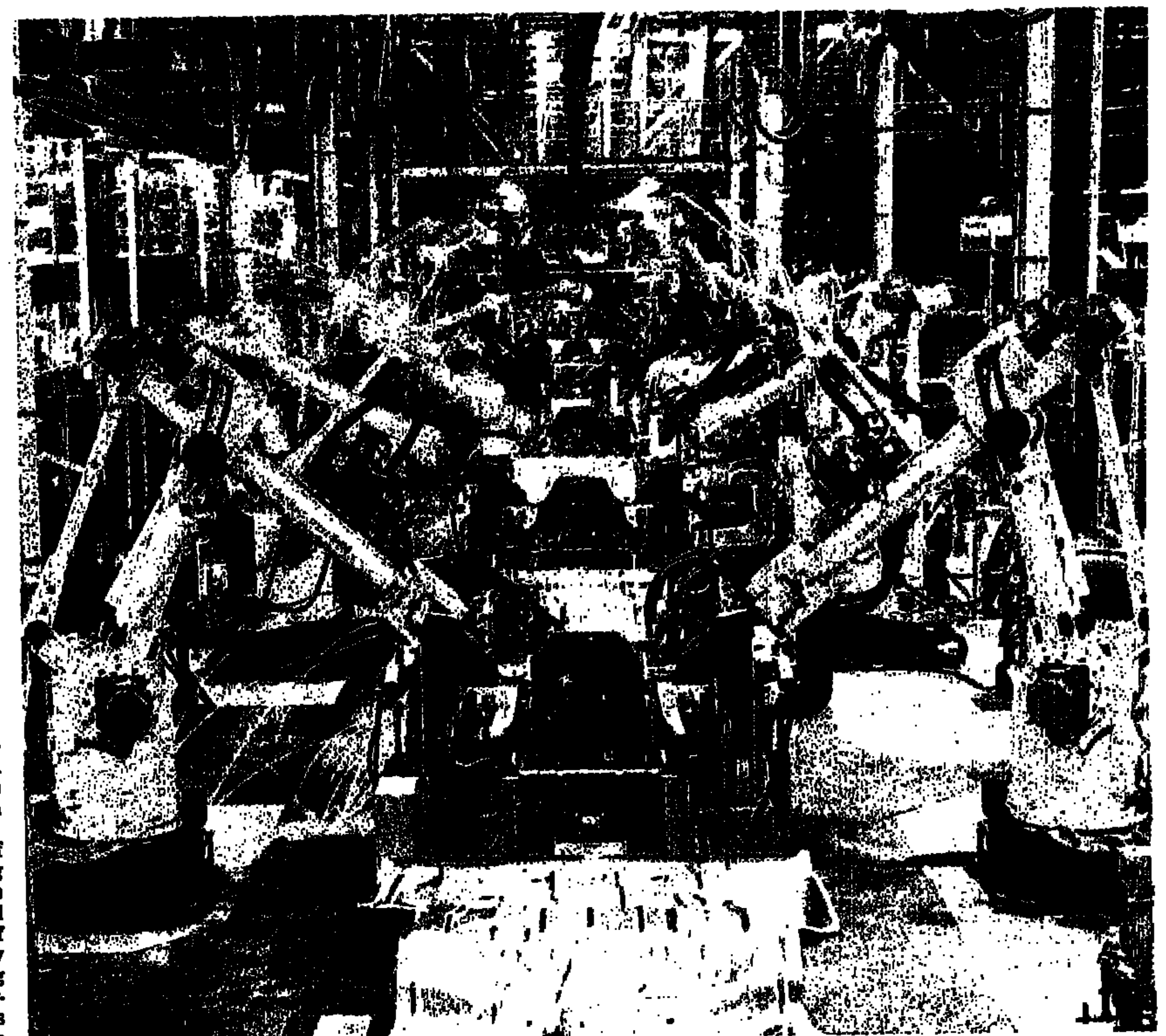
Secondly, he says, "we will face an absolute requirement to upskill our workforces and move up the value chain. We will need to compete not just on cost, which will be difficult if not impossible to do, but also on the quality of our product, its design, its marketing, and overall, its inventiveness. Engineering will play a key role in that upskilling, upgrading process."

Evidence from the battlefield in the engineering sector confirms these pressures: negotiating price increases is virtually a thing of the past, and there is constant pressure to reduce costs and yet increase quality and service in the supply chain.

Hence the efforts to improve processes and – to use modern management-speak – to "re-engineer" engineering. The process will continue irrespective of short-term market conditions.

Fortunately, the evidence from this Survey shows that the re-engineering is occurring throughout the engineering industry, and not just in the automotive and aerospace sectors where many of the best ideas in world class manufacturing first take root. Clearly, engineering companies are taking the view that their long-term competitiveness relies as much on their own efforts as it does on the creation by the Government of the conditions in which manufacturing can prosper.

There is still plenty more to be done, of course. But one of the most encouraging things to emerge from this Survey is the extent to which the acceptance of the need to improve has permeated all levels of engineering companies. Energised by teamwork, shopfloor workers are making their contribution by coming up with suggestions for improvement. Even five years ago, most would have said that was a job only for management.


No sweat: car under-bodies being spotwelded by robots using Spotware software developed by Fanuc Robotics for the new RJ Control System

■ ROBOTS

Untouched by human hands

Intelligent machines are a familiar sight on motor production lines. Now they are expected to turn their 'hands' to the high-speed packing of food and drink, says **John Dunn**

A PLATOON of raw recruits drafted in to the French army to pack combat rations are having to look lively. Up to 10 different menus are needed each month.

Each ration consists of 18 items ranging from a pack of biscuits and a tin of meat to purification tablets and a miniature stove. In order to keep the fighting troops fed, the new recruits have to pack rations at the rate of 24 a minute.

The luckless legionnaires are 13 industrial robots, part of a FFr25m automated packaging and palletising line built for the army by ABB Robotics. Three robots unload boxes of goodies from pallets on to a conveyor which delivers them to the ration packing station.

Here another nine machines, using videos cameras to recognise the right items, pack them into ration boxes in just 2.5 seconds. The 13 robots stack the ration boxes on to a pallet for delivery to the barracks. Five different menus can be put on one pallet to match a barracks' order.

David Marshall, responsible for customer training at ABB Robotics in Milton Keynes, fervently hopes that the food, drinks and confectionery industry – including oven army rations – will become the next big market for robots. "The whole robot industry has depended on the automotive industry since day one. Look at the figures – 80 per cent of the world market for robots is in the automotive and automotive supply industry. We are looking to the food industry to perform as well as the automotive industry."

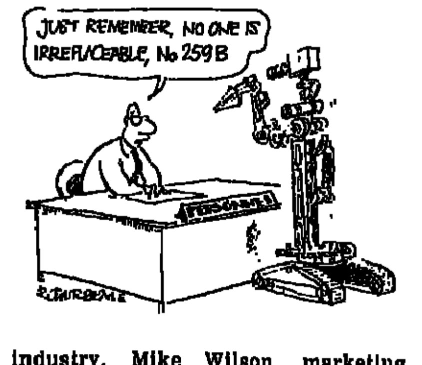
The reason for his optimism is that industrial robots have become more attractive to the food industry for packing and handling, particularly in the light of new health and safety regulations restricting the weight of loads that can be lifted manually.

They have become faster, reliable, more accurate, and easier to incorporate into a production line. Better motor control software has allowed ABB, for example, to squeeze 25 per cent more performance out of the same robot.

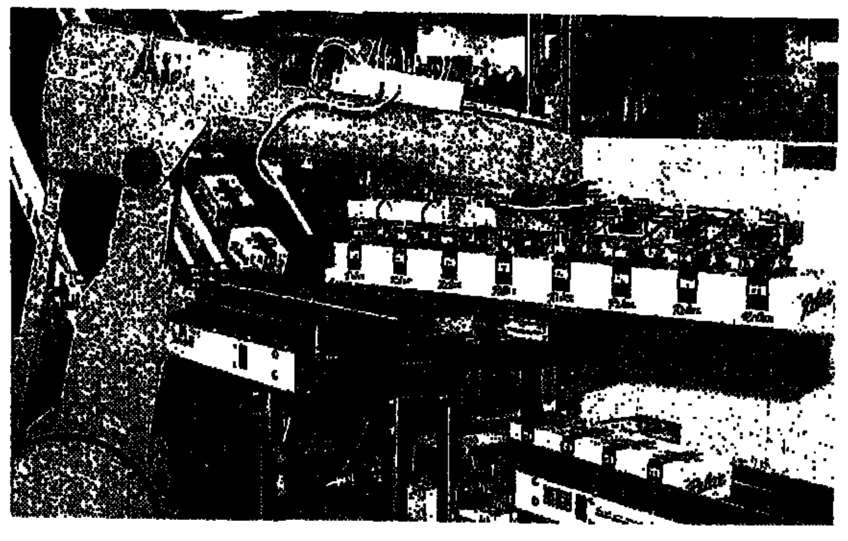
Robots are also simpler to program, operate and maintain. And they can lift bigger loads. They can also be washed down with a hosepipe. And prices are coming down to a level where paybacks are acceptable to the food industry.

"The food, drink and confectionery industry is surviving on low-cost female labour. Despite their flexibility, using people to pack those army rations would have been a nightmare," says Marshall. Also, the industry is looking to cut costs. Although robots are flexible and reliable, so far they have been too slow and too expensive, says Marshall.

But what is good for the food and drinks makers is good for manufacturing



industry. Mike Wilson, marketing manager at Fanuc Robotics in Coventry, says of the improvements in robot performance: "Our new ARC Mate welding robot, for example, is 30 per cent cheaper in real terms than a similar model three years ago. And it is 20 per cent faster. A spot welding robot can now do one spot weld every 1.5 seconds." Ten years ago, says Wilson, it would have taken three.



A gentle way with soft centres: chocolate bars being packed by robot

Some of the gain has come from the improved mechanical performance of robots – faster acceleration and deceleration and better overshoot behaviour. And some has come from better integration of the robot into the process, says Wilson. "The spot welding gun will begin to close before it gets to the weld, for instance." The load capacity and accuracy of robots has come on in leaps and bounds, too. "The biggest robot we do carries 300kg. That was unheard of 10 years ago for an electric robot," says Wilson.

Reliability has also greatly improved, he says. An example is the arc welding robot. Weld wires occasionally get stuck in the solidified weld pool at the end of a weld. A few years ago, as the robot moved away it would rip the welding torch off the arm. Today, says Wilson, "wire-stick" sensors prevent this and automatically send a pulse of current down the wire to burn it free.

A similar example of improved capability is "scratch start". If a bead of silica from the flux gets left on the end of the welding wire, it will not strike an arc and has to be snipped off manually. Today's robot will sense this and scratch the tip of the wire along the component to rub the bead off. It will then go back to the correct place on the weld and start welding.

Overall, says Wilson, the cost-to-performance ratio of robots today is considerably better than a few years ago. Most people now buy a robot "package" which includes some process engineering expertise and an application software package. "This avoids a lot of programming and makes them quicker to install and easier to operate."

When Vauxhall bought 120 Fanuc welding robots for its new Astra line at the Ellesmere Port plant a couple of years ago, it handed them on to six companies building the welding lines. "We designed a software package for Vauxhall that would interface the robots with all the hardware and provide an operator interface. That forced all the line builders to use the robots in the same way. It made maintenance a lot simpler and saved money. We only had to write the software once and copy it six times. Each line builder would have had to develop their own."

Yet despite the advances in robot technology, Britain has one of the smallest robot populations of all the industrialised nations, around 7,800, compared with Germany's 39,000 and Japan's staggering 350,000.

Even the former USSR has more robots per employee in manufacturing industry than Britain. The problem is the 18 month to two year paybacks demanded in Britain, says Wilson, compared with as long as five years in Japan. "It is very difficult to justify any capital expenditure on an 18 month payback."

□ *John Dunn is deputy editor of The Engineer*

□ INTERVIEW: **PROFESSOR JOHN CHELSOM**

Financial training for the new generation

John Chelsom, professor of engineering management at City University, tells **Andrew Baxter** about ways of making engineers more at home with finance and communications

One of the many criticisms lobbed at the UK education system over the past decade or so is its failure to produce enough engineers with the right financial and communications skills to make it to the top in British industry.

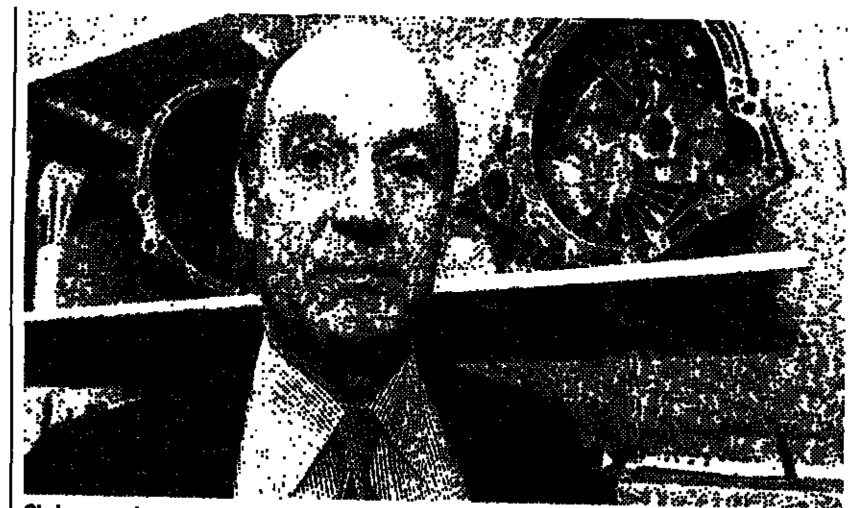
The resulting dominance of senior boardrooms by accountants and finance men is, in turn, seen as a symptom of all that is wrong in UK industry and a reflection of the confusion over who engineers are and what their status should be.

But while all sorts of commentators, academics and government officials identify a need in the UK for more engineers who are financially aware, it is not something that can be achieved overnight. Even so, Prof John Chelsom looks on the whole situation as an opportunity rather than a disaster area.

A former purchasing director at Ford of Europe, Prof Chelsom can remember several promising UK machine tool companies in the 1970s which were run by engineers. "About 80 per cent of them went bust," he says, "largely because these very good engineers did not have even enough financial training to realise they needed more financial expertise. They also lacked the financial training to deal effectively with their sources of finance, such as the High Street banks."

Since July 1991, Chelsom has been professor of engineering management at City University, giving him an important role in the battle to produce engineers who can manage. It is by no means an impossible task, he says: "Engineering training does equip people extremely well to be excellent managers. It is a lot easier to turn an engineer or a person with a technological background into a very good manager than it is to turn, for example, a social scientist who is a good manager into someone who appreciates the technology issues."

This is particularly relevant, he says, in an era when technology issues are widely seen as being among the most important business drivers. "Senior executives have learnt the financial skills



Chelsom: engineers went bust because of lack of financial know-how Picture: Trevor Humphries

of management, but now when confronted by the implications of technology, and having to develop parallel technology strategies along with business strategies, they are not really equipped to do it."

Having engineers in senior positions in industry is not only beneficial because they will then encourage their companies to adopt practices such as concurrent engineering and rapid prototyping, he says. Some of the methods of analysis used by engineers for designing products can also be applied to a business.

City University is taking a twin-track approach to developing engineering managers. The engineering management content of its undergraduate engineering degrees courses has been increased in recent years. "We hope that people are leaving here with a grounding in management issues, rather than just being an expert in some particular aspect of engineering," he says.

The other group being targeted is postgraduates, for whom an MBA in engineering management began in 1989. This is aimed at graduate engineers or the equivalent, and contains all the usual constituents of an MBA programme but with an engineering industry slant. The course, full time for one year or part-time for two years, will equip technicians and engineers for development into senior managers, says Prof Chelsom.

There are, naturally, challenges to be surmounted in producing the supply of

■ Continued on opposite page

■ CONSTRUCTION EQUIPMENT II: VME

A bucket, a vehicle and a sketch pad

VME, Brussels based builder of loaders, was formed in 1985 by Swedish Volvo and US Clark Equipment. It has come a long way

A stroll round a small museum in Eskilstuna, Sweden, gives a clear impression of the dramatic leaps in product development made by the construction equipment industry over the past 30 years, writes ANDREW BAXTER.

In the town that thinks of itself as Sweden's Sheffield, the museum celebrates the achievements of two early Swedish engineers, Jean Bolinder and Johan Theofron Monktell, and their successors.

One of these in the early 1950s had the bright idea of putting a bucket and arm on to the back of a tractor, and turning the controls round so that the back became the front.

Thus was born the wheeled loader, which is now Europe's biggest selling type of earthmoving machine.

Messrs Bolinder and Monktell, meanwhile, are immortalised as the BM of Volvo BM, one of five product ranges within VME, the Brussels-based construction equipment producer.

VME, which was formed in 1985 from the merger of the construction equipment interests of Volvo of Sweden and Clark Equipment of the US, is one of a handful of global producers in the industry which are in the next size category down from the two giants, Caterpillar and Komatsu.

All the companies continue the search for another spark of brilliance which might create something earth-shattering –literally and metaphorically. Grahame Miller, VME's UK promotions manager, says he often sits down with a sketch pad, trying to work out a completely new design that would avoid the need for hanging a "dead" counterweight on to the back of many machines.

In the absence of any totally new concepts in machine design, the industry is committed to a perpetual process of improvement in its current products, replacing one series of loaders, excavators and other lines with another to modernise the design, improve comfort in the cab, update the electronics, and improve the efficiency and environmental friendliness of the machine.

Ranges that may have lasted a decade or more in the past now have a life of as little as six years, and are also updated more frequently.

This process of incremental change means that a machine of the 1970s looks almost primitive in comparison with what the industry is producing now.

There are sound financial reasons for the process. Many customers who are looking to replace a machine after three or four years use expect to be able to buy a more sophisticated product without necessarily having to pay more in real terms, and are unlikely to be impressed by a supplier that is standing still. A new, or even only partially updated product can give a much needed lift to sales – and gives suppliers something to show off at trade shows.

One of VME's German-built range – the Zettelmeyer ZL 802 loader – makes short work of clearing the snow

This year, it is the same as ever with a batch of new products being unveiled at next month's Intermat show in Paris. VME is launching the new Volvo BM L70B wheeled loader which incorporates a number of new features already included on recently launched loaders, such as load-sensing hydraulics and the so-called TP Linkage lift-arm system first introduced in 1991.

In its German-built range of Zettelmeyer small machines, VME has launched the Zettelmeyer ZL802 loader, which replaces an earlier machine in the same size bracket, and unveils two new Akerman excavators, to complete a range of premium-specification Swedish-built machines that has been redesigned over the past year.

Mr Chris Rees, managing director of VME's UK subsidiary, has high hopes for the new machines. The relaunched Akerman excavators, which were previously designed very much for the Scandinavian market, should give a much wider presence in the UK market place, he says, and help VME achieve its aim of 10 per cent of the UK tracked excavator market by 1996, compared with 4 per cent last year.

The new Volvo BM wheeled loader would help the company consolidate its position while the Zettelmeyer loader would increase VME's market share in the market for machines with a one cubic metre bucket. Overall, and other things being equal, Mr Rees believes the new machines could raise VME's unit sales in the UK from 470 machines last year to 550 in 1994.

VME has a strong reputation among users for its products, and has maintained spending on new product development through the recession, even if its published figures suggest otherwise. The group accounts in dollars, but some 70-80 per cent of R&D spending is made in Sweden. So published spending on R&D of $39m or 3.1 per cent of sales last year would have been about 4 per cent if the dollar-krona exchange rate had stayed constant, compared with 4.4 per cent in 1992.

As a group, the company is relying on its modern product range to complement the dramatic downsizing in manufacturing it has undergone in the past three years. Worldwide employment has fallen 40 per cent since the beginning of 1991 to about 6,400 at the end of last year and a 1992 loss of $93.6m was turned into a $30m profit last year even though demand in many countries remains weak.

The restructuring has lowered the company's breakeven levels but, fortunately for VME, it has long realised that there is little point in suffering the pain of job cuts and plant closures if the product range is not being kept up to scratch.

A British Rail failure and a Royal Signals achievement

■ Continued from opposite page

in industrial chemistry: high activity catalysts for making methanol. These have earned ICI substantial royalties from overseas licences.

There was a double award again in 1975. Westland won the prize for innovations on the Lynx helicopter (the semi-rigid rotor and conformal gearing); the Lynx has turned out to be one of Westland's most successful models.

The other 1975 winner was British Rail for developments in railway vehicle suspensions. Part of this project led to one of BR's most ignominious failures, the Advanced Passenger Train, but the work was not a total disaster. It also led to improved suspension systems in other, more successful trains.

The next year, 1976, was the only one so far in which the MacRobert evaluation committee judged that none of the candidates was worthy of an award.

The 1977 prize went to the Royal Signals and Radar Establishment and Malvern Instruments for their joint development of an electro-optical instrument, the Malvern Correlator, which uses laser scattering to measure the flow of particles in a fluid. It has been applied widely in the chemical and aerospace industries. The Correlator is a good example of something that still happens too rarely in Britain – successful transfer of know-how from defence research to civil industry.

Pilkington won the 1978 prize for its high-strength Ten-Twenty laminated windscreen. This illustrates the unpredictable commercial consequences of industrial innovation.

Although Pilkington had expected the main application of Ten-Twenty to be in cars, the automotive manufacturers took little interest in it; they were happy to continue with cheaper, lower performance windscreens. Instead, it enjoyed commercial success in aircraft cockpits. The 1979 prize was the first awarded for computer software. It went to Post Office Telecommunications (now BT) for the Prestel viewdata system, which enabled subscribers to call up written information over the telephone lines. Although the system was technically a world leader – and was sold to five other countries – Prestel did not take off on the grand scale its inventors had envisaged.

On the other hand the 1980 winner, Johnson Matthey's catalytic system for reducing vehicle exhaust emissions, has been an unqualified long-term success. The company has remained the world's leading supplier of auto catalysts.

The 1981 winner, the Microjector developed by Lucas as a miniature fuel injector for diesel engines, was also aimed at the automotive industry. Its initial export sales in the US were astonishing; in the first two years Lucas shipped 2.5m Microjectors to Oldsmobile alone. But then Detroit turned against diesel cars and the Microjector's commercial success faded away.

This article focuses on the first half of the MacRobert Award's track record because enough time has passed to see the successes and failures in long-term perspective.

The jury is still out on some of the more recent winners although a few, such as Oxford Instruments' superconducting magnets for body scanners (1988 prize), are obvious long-term successes.

When the MacRobert Trust first established the award in the late 1960s, it was worth £25,000 – more than a Nobel Prize at the time. But while the Nobels kept pace with inflation, the MacRobert stuck at £25,000 until last year when its value was doubled to £50,000.

In the world of engineering, the biggest award is now the $375,000 Charles Stark Draper Prize established by the US National Academy of Engineering in 1988. In contrast to the MacRobert, which recognises recent or current work in the UK, the perspective of the Draper prize is both historical and global – in 1991 it went to Frank Whittle and Hans von Ohain for their work 50 years earlier developing jet engines in Britain and Germany respectively. The greatest accolade for a MacRobert Award winner would be to pick up a Draper Prize a few decades later.

■ CASE STUDY: HOBART STILL

Big video is watching you

Operatives at this Devon-based manufacturer of food and beverage equipment were video-taped to see how work could be speeded. **Andrew Baxter** describes the results

Workers at Hobart Still in Barnstaple used to put a special drill for a new machine tool in a drawer for safekeeping. On one occasion, a videotape showed that 20 minutes were wasted when the drill was put back in the wrong drawer.

The episode, recounted by Mr Graham Forster, UK engineering and manufacturing director of the food and beverage equipment producer, illustrates both the obstacles to change and the achievements at the Devon plant over the past few years.

Why put a drill away in a drawer when it should be available close to the machine tool, says Mr Forster, for whom reducing set-up times became a top priority as the factory underwent a dramatic transformation.

The changes, however, could only be achieved through big changes in working practices and flexibility, as symbolised by the willingness of workers to be videotaped in an effort to reduce waste and save time.

Hobart is part of the food equipment group within Premark International, the US company perhaps best known for its Tupperware products. In 1989, the group bought W.M. Still, which makes beverage systems and two years later decided to close the Still plant in Hastings, concentrating manufacturing in Barnstaple.

Barnstaple had been working on a three-and-a-half day week at the time, so had spare capacity. The addition of beverage equipment to the factory's range of Hobart food mixers provided an excellent opportunity to change practices at the plant, to reduce cost and increase flexibility.

"The feeling was that we had one opportunity to get it right," says Forster. The plant was producing more expensively than its counterpart in the US, and there would have been a question-mark over its future if it had not increased efficiency.

Over five months in 1991, the production of Still equipment was brought to Barnstaple, and a number of key decisions were taken. The product range and processes needed to be rationalised, production had to be relaid out, an additional plant across the road was identified, investment was needed to reduce space and cost, three manufacturing control systems had to be consolidated and, by no means least, the plant's culture needed to be changed.

Making the move had cost £3m, but the question was how much more would need to be spent to get things right. There was certainly plenty to do: for example, one measure of the plant's effectiveness was the ability to deliver orders on time. In the upheaval caused by the consolidation, it could only achieve this with one in four of its beverage equipment orders.

The company had been considering moving to cell manufacturing but felt it needed some outside help, says Mr Forster. After talking to several consultants it selected Peter Chadwick, the fast-growing consultancy which specialises in detailed change programmes to improve companies' performance, for an initial two-week analysis.

"The aim was to ascertain what the opportunities were at the company, for improving its cost structure and its flexibility, and what the biggest drivers for success were," says Mr Peter Mounsey, who conducted the study for Peter Chadwick and led the subsequent main 35-week project from February to November 1992.

This began in the machine shop with the development of cellular manufacturing, which was then implemented before the project team moved on to the fabrication area. The intention, through moving to cells, was not simply to get away from the old one man-one machine methods but, as Mr Mounsey puts it, "to drive the culture" by ensuring cell members had the information and incentive to suggest how performance could be improved.

The "cell facilitator" was given considerable lee-way to decide how to schedule work on the different machine tools so long as the overall order priorities were adhered to. The thinking behind this is that the people in the cell are in a much better position to make such decisions than a scheduler in an office.

Cells depend on multi-skilling, and their introduction can lead to workforce cuts – the turning cell, for example, has saved eight jobs. They have proved to be a much more flexible way of handling the kind of erratically-sized batches and short delivery times in the food and beverage equipment industry.

Throughout the factory, and at the small "Unit One" site a few hundred yards away producing smaller beverage equipment, there are some common elements to the changes proposed by Chadwick and strongly supported by Mr Len Court, the production manager who, along with Mr Forster, has been something of a champion of the change programme.

They include line-side storage rather than big central stores, Kanban (card) systems triggering deliveries from one cell to another, clearly visible displays of each cell's performance updated frequently each day and backed up by measurement methods which the company had previously lacked, and some significant title changes: the old foremen are now "area facilitators" while the engineers who used to dictate to production have been renamed "production service" operators.

Cooperation and flexibility: finishing a Hobart mixer at the Barnstaple plant

The Chadwick team has promised the reorganisation would produce savings of £700,000. This was effectively exceeded last year. There has also been, as expected, a big improvement in cycle times. "Nine times out of ten we can complete an order in a few days. Previously, everything was so rigid," says Mr Forster.

At Unit One, whose layout has been completely reorganised over the past year, area facilitator Colin Emery says a machine was recently assembled within an hour for a salesman who wanted to show it to a customer.

Overall, Mr Forster says the hardest part of the whole programme was convincing workers that changes needed to be made to improve future performance. For example, recording improvements was viewed by workers initially as time-consuming and thus counter-productive but within months was helping to generate much more impressive improvements than would have been possible otherwise.

And both Mr Emery and Mr Forster praise the willingness of the workforce to be moved around to meet changing demand. "Eighteen months ago you could never have moved someone from assembly to fabrication, but people like the change," says Mr Emery.

■ PRIZES FOR INNOVATION

Do winners succeed in the real world?

It is one thing to win prizes for ingenious engineering. It is another for bright ideas to gain serious commercial application. **Clive Cookson** examines the subsequent fate of some celebrated UK award winners

Britain's premier prize for engineering innovation, the Royal Academy of Engineering's £50,000 MacRobert Award, celebrates its 25th anniversary this year. The roll of past winners demonstrates that the UK has continued to display engineering skills in strength and breadth, through a quarter century of decline in most of the country's manufacturing industries.

The MacRobert winners have been so diverse in their objectives that it is impossible to lay down any general criteria for success or failure. But an impressionistic analysis of the track record of the 29 innovations recognised so far (a few years have had joint winners) shows that only two or three failed completely to live up to the promise seen when they won the award. Of the remainder, about half became unqualified successes and half have enjoyed more limited but still significant success.

The inaugural award in 1969 was shared between Freeman, Fox and Partners for the Severn Bridge – still considered a significant international innovation in the design of suspension bridges – and Rolls Royce for the Pegasus jet engine – still operating successfully on Harrier vertical take-off aircraft.

The 1970 winner is an example of an innovation which became a huge success while remaining virtually unknown to the general public, because it involves a process far removed from any consumer product. Three BP geophysicists won the award for developing techniques for surveying accurately in Alaska through arctic permafrost (permanently frozen ground). Their techniques enabled BP to discover Alaskan oilfields worth billions of dollars.

BP was to win the award again in 1992 for another innovation that was invisible to the public but worth a fortune to the company: hydraulic fracturing technology that allowed oil and gas reserves to be exploited more efficiently. BP estimated that this had saved £275m by the end of 1991.

The Gas Council (now British Gas) won the 1971 award for processes to convert naphtha, the main petrochemical feedstock, to town gas. This was a good example of an innovation that did not live up to its commercial promise – not because of any intrinsic failure but because external events did not turn out as expected. The discovery of plentiful natural gas in the North Sea and elsewhere made the processes for manufacturing town gas unnecessary.

The 1972 prize went to Sir Godfrey Hounsfield and EMI for inventing a new type of X-ray scanner for diagnosing brain disease. Computerised tomography, as it was called, was a stunning technical success, for which Sir Godfrey won the Nobel Prize for Medicine in 1979. Unfortunately EMI itself failed to capitalise on the initial innovation – a classic lost opportunity for British business – but medical equipment manufacturers overseas put CT scanners into production and the technology has benefited patients worldwide.

The 1973 winner was a more comprehensive failure: Dunlop's Denovo run-flat tyre. It was not exploited by Dunlop or by anyone else in the motor industry.

After making risky choices in the two previous years, the MacRobert evaluation committee played safe in 1974 and awarded the prize to ICI for a system that was already a proven commercial success

■ Continued on opposite page

■ MACHINE TOOLS

Just let the dears get on with it

John Dunn describes tools which are so reliable that they can be left unattended to cut metal all night if necessary, thereby doubling or tripling their productivity

TAKE one fresh egg. Clamp gently in chuck. Insert 2mm diameter drill in spindle. Switch on machine and drill hole in egg. Wipe up egg yoke.
Now tap end of drill lightly with hammer to blunt it. Repeat the drilling operation.
Result? The machine tries to drill a hole but detects the extra force on the spindle caused by the blunt drill and stops before it smashes the egg.

Drilling holes in eggs is not, on the face of it, the most profitable way to use an expensive computer controlled CNC machining centre. But cutting-tool maker Sandvik Coromant likes to use the occasional egg to demonstrate how modern machine tool technology can dramatically increase the payback from metal cutting operations for British industry. A machine sensitive enough to stop a blunt drill from breaking an egg can safely be left to cut metal unattended, all through the night if necessary, thus doubling or trebling its productivity.

Mike Swaffield, general manager of Sandvik's automation division, says a typical CNC machine tool is only cutting metal for 30 per cent of the time. The rest it spends standing idle, waiting for materials, cutting tools, jigs and fixtures, for a broken tool to be replaced, or to be programmed for the next job.

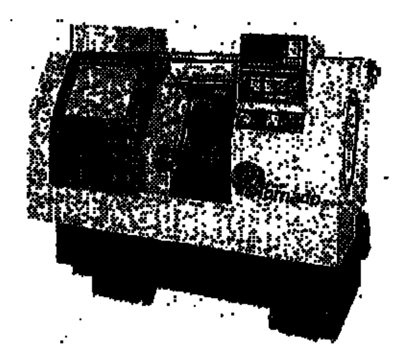
"Our business is to unlock that 70 per cent of unused machining time," he says. Sandvik Automation, formed last May, is breathing new life into an old machine tool technology – direct numerical control or DNC.

This creates a factory floor network by linking each machine tool by wire or cable to a terminal in the design office. Programs can then be downloaded electronically to each machine, and data on a machine's performance fed back up the wires to a central monitoring point.

But, says Swaffield, once that network is in place, then "squirting part programs into machine tools" is just a tiny fraction of what can be done to improve machine tool useability.

In the hands of Sandvik, the network becomes a conduit for "paperless manufacturing" in which a range of software and hardware connects machine tools, inspection machines, tool room, design office, planning office and stores in a two-way flow of data.

The aim, says Swaffield, is to ensure that the right tools and materials are always at the right machine at the right time to do the right job and to keep it cutting metal.



Tornado 100 lathe, designed for small firms

With the basic CoroNet network installed, CoroPlan – "containing everything Sandvik knows about cutting metal" – will plan the best way to do a new job and list what tools are needed and their settings. It will calculate to a fraction of a second how long the job will take.

CoroTAS then takes over to look after all the tooling, ensuring that the tool room is told what tools to get ready for each job. It monitors tool inventory and tracks tools around the factory. Savings in tool stocks alone can pay for CoroTAS in a few months, says Swaffield.

IntelliTool will keep an eye on tool wear, automatically stopping a machine and alerting the toolroom when a tool blunts or breaks. And the system will, of course, send out part programs and collect data on machine utilisation.

When boiler maker Babcock Energy of Renfrew spent £100 000 on a CoroNet DNC system to link up 16 machine tools, it paid for the system in just eight months from the savings it made by getting programs to its machines electronically rather than by paper tape.

"We only sell systems on the basis that we will save the customer money," says Swaffield.

If only life were that simple for the machine tool makers. The demand for higher speeds, shorter cycle times, increased accuracy and reliability at stable, if not lower, prices have brought remarkable changes to machine tools. "Today, we are selling machines that size for size are 15 per cent cheaper in real terms than the machines we sold in the mid '80s – and they are faster and more accurate," says Mike Ryan, sales director of machining centre maker Cincinnati Milacron.

At Cincinnati's Birmingham plant, the use of simultaneous engineering has led to the redesign and relaunch of its complete model range in just four years. Spindle speeds have leapt from 4,000rpm to 10,000rpm, doubling metal removal rates. Tool movements between cutting operations are three times faster, slashing "chip-to-chip" time from 15-20 seconds to 5-8 seconds.

"A job can now be done in a fraction of the time it took 10 years ago," says Ryan, adding that speed is all important in reducing a machine's hourly costs and shortening its payback.

The quality of machine tools is now taken for granted, says Ryan. Thanks to lessons learned from the Japanese, reliability is no longer an issue. "We have designed out the need for maintenance by doing away with mechanical assemblies such as clutches and gear boxes and reducing the number of parts by over 40 per cent. Our machines now only need an hour's maintenance a week."

Les Pratt, general manager of Yamazaki Machines in Worcester, says the machine tool industry today is giving its customers far more value for their money. "They're buying a machine that in real terms is cheaper than 10 years ago. It will run longer with less supervision.

"It's faster and more accurate. But the problem remains that UK manufacturing industry is driven by the need for much shorter paybacks than its competitors. Payback is out of step with the operating life of a machine tool. As a result, industry is suffering from not replacing its ageing machine tool stock."

Next month Europe's largest lathe maker, the 600 Group, will unveil a new CNC lathe, the Colchester Tornado. It will cost £35,000, almost £15,000 less than the old Colchester 350 launched a few years ago with a similar specification.

It is the outcome of extensive market research which showed that the drive by lathe manufacturers for more and more added value was pricing machines out of the range of small jobbing shops.

Colchester decided to design the Tornado down to a price – an hourly rate – that small firms could afford. "We're not introducing a cheap machine. It will cope with 95 per cent of the requirements of small engineering firms," says managing director Colin Gaskell.

"We've taken out the features that don't add to productivity. The average job shop doesn't want a third axis or live tooling." What they want, says the company, is low cost of ownership and until now none of the lathe makers has been addressing the small engineering firm sector. As a consequence, Colchester believes the Tornado will boost its low 6 per cent UK market share to 25-30 per cent within 12 months.

■ Continued from opposite page

engineering managers that the UK needs. For one thing, says Prof Chelsom, business developments point to the need for people who are multi-skilled and can work in mixed groups – "We're trying to give engineers a chance of doing that in academic surroundings, by problem solving, learning about communications, making presentations, as well as giving them the information to develop skills," he says.

Yet, he adds, the mechanism for delivering this information, in terms of government funding, does not provide the means for realising the identified needs. "There seems to be more and more compartmentalisation."

Another problem area he identifies is the relationship between industry and academia. Here, he says, there have been some welcome developments through the increase in participation by senior engineers from industry as teachers in universities. This can take two forms, the late career change or part time involvement, and both bring the "real world" into the lecture room and have been followed extensively at City University. There is also increasing use of academic engineers in industrial research.

What is missing, though, is continuous interchange that involves young academics in the management of engineering companies. Something is being done about this through the Teaching Company Scheme, a partly-government funded scheme under which academics supervise recent graduates working in business and industry, but this is project related and may not expose the academic to corporate management issues.

Improving engineers' communication skills is seen by Prof Chelsom as particularly important because, he says, the shortage of such skills is often the reason why engineers lack the confidence to go forward into senior management.

He quotes the view of one senior UK engineering director who says he wants the education of engineers to enable them to shine in groups that include lawyers, accountants and others.

Another challenge, he says, is to find ways for engineers from small and medium-sized companies – often seen as the UK's best growth opportunity – to participate more easily in engineering management courses. In particular, he says, the financing structure of grants for postgraduates puts an embargo on part-time programmes, but many engineers from such companies could not afford to be away from work full-time.

But Prof Chelsom insists that there is already evidence of how engineers can reach senior positions in industry which do not necessarily involve engineering, at companies such as ICI and British Gas. "That could be more widely known," he says, "and might influence the selection of engineering as a potential career, and as a subject for study."

And, he says, "we have to be optimistic about the next five years, otherwise the last five have been in vain. There are signs that more and more companies recognise that an engineering degree should have a strong element of management.

■ MONEY FOR DEVELOPMENT

R&D spending holds up

Six companies canvassed by the FT indicate that product development is buoyant in spite of lower output

It may not be much consolation to engineering workers who have lost their jobs over the past three years, but an informal Financial Times survey does at least suggest that the cuts in manufacturing have not been repeated in product development, writes ANDREW BAXTER.

The six engineering companies which the FT has been tracking out of recession all have high hopes from new or recent product introductions. They will be hoping to continue the British tradition of innovation in engineering while avoiding the other great British practice of failing to profit from it.

There are all sorts of reasons why that has happened, including the lack of finance available to help innovators turn an idea into money and other external factors such as a comparatively unfavourable tax regime for encouraging research and development.

"Culturally we are a nation of innovators, we have been for many, many generations," says Mr Mark Abrahams, Fenner's finance director. "Where we have failed as a nation is in marketing, we do the clever bit and we let other people take it away."

Dr Colin Gaskell, managing director of 600 Group, says part of the problem is that innovation is an individualistic activity and marketing is a group activity. "We are much better as a nation of individuals than we are working in groups, which is almost the reverse of the case with the Japanese."

Mr Peter Burton, chief executive of Bloxwich Engineering, even talks about the "myth" of Japanese engineering – they are very good at applying new ideas but not the best original engineers.

Bloxwich, for example, has developed a process for making one-piece car power train pulleys – they are normally two-piece and welded together, which can cause corrosion problems. After an "enormous" R&D programme, it is now negotiating to sell the pulleys into Japan, where manufacturers have been unable to produce it. These are some of the new products which the FT Six have recently developed and hope will have a big impact financially:

● FENNER: the Hull-based industrial group's fluid power division has developed a vapour recovery pump for garage forecourts, in response to legislation that is already enacted in German and Sweden and likely in most of the developed world, to remove potentially carcinogenic vapours. Mr Abrahams says that, with 2.5m petrol pumps in the developed world, the potential is "really quite enormous." There are rival products, but the clever bit about Fenner's pump, he says, is its ability both to compress vapour and to take neat liquid down a coaxial pipe without jamming.

● 600 GROUP: the machine tool and materials handling equipment group has been active in both the traditional and more high-tech ends of its business. Next month it unveils its new Tornado range of CNC lathes after an unprecedented market research exercise designed to match the product to the needs of small engineering companies.

It has also recently introduced a laser marker which Dr Gaskell believes has "enormous potential" because of its versatility. "You can struggle your way out of almost anything if you've got the right products at the right time," he says. "If you research the market right and you've got a distribution network, and you've got the right product, hopefully it will go, and that's what we are doing."

Fenner targets the 'enormous potential' for vapour recovery on garage forecourts

● JCB: the UK's biggest construction equipment producer has invested heavily over in new product development over the last three years, and mostly in smaller machines where the market is fast growing, says Mr Martin Coyne, chief executive. Last month in Spain JCB rolled out seven new products and it's a very exciting time for the company, says Mr Coyne. The pace of new product development has been maintained, and indeed the recession is a good time to be launching and preparing new products, he says. In recent years the much expanded presence of Caterpillar, the industry's biggest producer, has produced very serious competition for the first time at the smaller end of the market where JCB mainly operates. But JCB hopes to hit back at the larger end of the market with two big new wheeled-loaders.

● BLOXWICH: the manufacturer of vehicle and other parts is still in business only because over the last 10 years it has been concentrating on R&D and new designs, says Mr Burton. In its security seals business, Bloxwich decided six years ago to build its own range of metal seals and related manufacturing equipment, ending the need to pay royalties to a US licensor. On the automotive side, Bloxwich is a big producer of door checks, one of the hundreds of car parts which only get noticed if they start making a noise. The company recently developed what Mr Burton calls the best door check in the world through innovative designs of plastic materials. "We believe that this product will take off," he says.

● SENIOR: the tubing, ductwork and specialist engineering group has "bought in" its major innovation in the past three years through the 1992 acquisition of Flexonics in the US, but has developed its new business quickly since then, says Mr John Bell, chief executive. Flexonics makes a range of flexible hoses and expansion joints used for example in exhaust systems in the the automotive industry.

Investment in the new business has continued and Flexonics is now supplying the Japanese transplants in the US as well as the Big Three. "We have also brought the technology into the UK we are one of the few companies that can boast we have opened a greenfield factory in the past year," says Mr Bell.

● POSIVA: the Scunthorpe-based company sells gears and drives produced by its German parent, and Mr Reg Bricknell, managing director, says innovation does not stop at new product development. His innovation has been to take a fresh approach to marketing. "I increased the number of people I had to sell the products, to at least maintain my market share. We also concentrated on products coming through which had not previously sold very heavily in the UK."

New product devlopment in Germany, meanwhile, has continued apace, with recent offerings including a range of flexible couplings for off-the-road vehicles, which Mr Bricknell says is innovative and also good value.

■ CONSTRUCTION EQUIPMENT I: CATERPILLAR (UK)

All change in deepest Leicestershire

At Caterpillar, near Leicester, the product line has been changed and the union has accepted derecognition, writes Andrew Baxter

Workers at Caterpillar's Desford plant near Leicester hit the headlines in January after accepting lump-sum payments in what was widely seen as a quid-pro-quo for union derecognition.

In reality, says Mr Jerry Swan, managing director of Caterpillar (UK), it was recognition of employees' contribution to the company last year. It was also an acknowledgement after the event of a series of changes over the past few years at the plant, affecting everything from manufacturing methods to products and culture.

The changes, in combination with a corporate reorganisation at Cat and the US company's much vaunted seven-year Plant With A Future (PWAF) programme, have brought big improvements in productivity and profitability, but have also shown the importance of listening to customers,

For more than 20 years, the plant has been making lift-trucks, but production is now tailing off following Cat's decision to put its lift-truck operations into a global joint venture with Mitsubishi of Japan.

Within months, therefore, production at the plant will be concentrated on small backhoe loaders and wheeled loaders. Cat began producing backhoe loaders at the plant in 1985, and decided it made best economic sense to be an assembly operation, buying virtually everything in from outside suppliers or other Cat plants. There is hardly a machine tool in the entire factory.

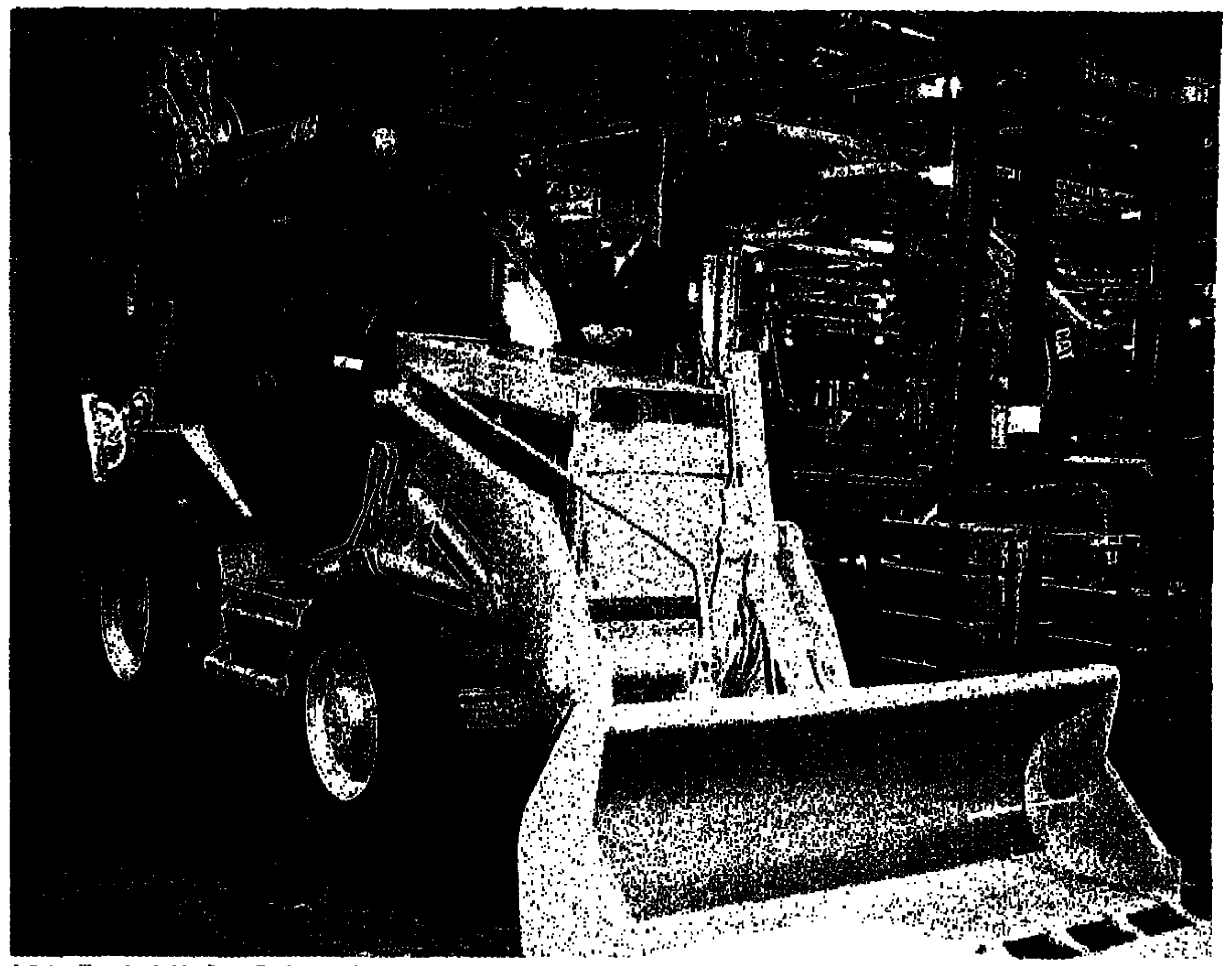
It was not until 1989, however, when a reorganisation across Cat worldwide put the Desford plant into a new decentralised building construction products division, that it began to understand by talking to its customers why the market for smaller machines is so different from that for larger plant.

"That investigation had a big impact," says Mr Swan, because Cat realised the vital importance of controlling costs in a market where margins are tight. Its backhoes cost about £26,000-£28,000, no more than a top of the range Rover 800, and customers are very price-sensitive.

As a direct result of this, Cat closed a plant in Brampton, Ontario and set about aggressively reducing costs, working with its suppliers to change product designs, pruning support costs and only retaining activities that added value.

At Desford, some £15m-£20m – a drop in the ocean compared with the overall $1.8bn for PWAF, which was completed last year – was spent on an automated storage system, and manufacturing has been reorganised, moving away from a straightforward production line to a flexible system where the machines are carried by self-guided vehicles from one team of multi-skilled workers to the next.

Using modular assembly methods, the system gives the flexibility necessary to handle the different options available to customers, such as four-wheel drive etc.



A Caterpillar wheeled loader at Desford: workers' cooperation has brought about a jump in productivity and a cultural revolution

The new system of manufacturing came on line in August 1992, just after Mr Swan took over at Caterpillar (UK), with the introduction of a new backhoe loader model, the B series. Success now depends crucially on the German-built storage system, which is helping the company keep stocks to a minimum. After initial teething problems, it is working well, says Mr Colin Meddows-Smith, business manager for backhoe loaders.

But it also depends on people. Mr Swan emphasises that a lot of time and effort has been put into developing employee involvement and creating a framework in which teamwork can flourish. The original management team of 24 has been halved as responsibilities have been delegated and the management structure flattened.

The benefits of the new system were shown last year when a new product line – small wheeled loaders – was switched to Desford from Cat's Gosselies plant in Belgium, which is more geared to producing larger equipment. The wheeled loaders are now being built almost entirely on the same assembly route as the backhoe loaders.

This has enabled the plant to utilise its assets better, says Mr Swan. It also led to a small increase in employment, although overall employment on-site has fallen by 300 to 850 since 1991 because of the phased exit from lift truck production.

In financial terms, the result of the changes has been a steady improvement in profitability, says Mr Swan. Aggressive targets have been set for return on assets and cash flow, and productivity has risen by about 15 per cent since the new manufacturing methods were introduced.

Significantly, the plant is now structured in such a way that it can break even when demand falls – important in a boom and bust business such as construction equipment.

Conversely, it has the flexibility to expand quickly when demand picks up – a high proportion of output from Desford is now being exported to the US which has recovered early, and strongly, from the recession.

■ CASE STUDY: PRESSAC HOLDINGS

A revolution etched in fine copper

Paul Cheeseright explains how a £10m new process revived a UK-based producer of printed circuit boards

Part of Pressac's plant which makes flexible printed circuitry for use in motor car controls

The statement in the last annual report of Pressac Holdings was flat.

"Over the last three years the group has committed more than £10.3m to improve its production facilities, which has contributed to greater efficiency and created a competitive edge resulting in improved market share," it said.

The reality behind the investment was less routine than the careful prose implied. Indeed, Mr Geoffrey White, the chief executive, was unequivocal.

"If we hadn't done that we wouldn't have been a supplier today." Sales to the world automotive industry account for 43 per cent of Pressac's turnover and, of that proportion, 90 per cent is circuit boards.

These circuit boards, the production of which is thus the mainstay of Pressac and the subject of its investment, are like electronic instruction pads, taking the demand of the driver and telling the vehicle how to meet it.

Without new investment, said Mr White, "£12m-13m of turnover would have been in terminal decline. We would have lost contracts as models were replaced." About four years ago, Pressac was reorganising, breaking out of a centralised corporate structure.

In parallel, there was pressure for technological change. "The method by which we manufactured circuit boards was starting to come to the end of its days," Mr White recalled.

This method was die stamping. It had enjoyed a good run. Pressac had bought a licence for the technology from the US in the late 1950s; its first circuit board in Europe had been fitted into a Ford Corsair during 1964.

Die stamping is the process of stamping copper foil on to a base material to produce a circuit. By contrast, the new technology etches the copper on to the base material and it is this technique which Pressac has adopted.

The great advantage of die stamping was its economy and the ease with which waste copper could be recovered. But there was a limit to how tightly the tracks and spaces could be created on the circuit board and it was difficult to create circuits on both sides of the board. Etching overcomes these problems and fits neatly into an automotive industry trend – that of packing more and more kit into less and less space.

In any case, said Mr Jeffrey Cullis, Pressac's commercial director, "die stamping is a bit of a black art – so many things to do with temperature and pressure that it was difficult to control." It was therefore a manufacturing technique which was difficult to tie in with constantly rising demands of automotive manufacturers for assured quality and reducing prices.

In some respects, the new technology was easier and quicker. It involved manufacturing a circuit board in five stages rather than nine for die stamping. The decision to adopt new manufacturing techniques for its basic product led Pressac into taking three further steps which were fundamental for the group's fortunes.

First, production of the new etched circuit boards would take place in a new facility. So Pressac has been phasing down the die stamping which takes place in an old Edwardian lace mill in Long Eaton, Nottingham, and concentrating all production at a nearby factory built in the 1980s and opened originally by Mrs Margaret Thatcher on one of her periodic barnstorming trips, as prime minister, through the East Midlands.

Second, its US plant at Cullmann, Alabama, would be similarly equipped and it would be the main supplier of Pressac circuit boards to GM, Ford, Chrysler and the Japanese-owned car plants in the US. In the event of trouble on one side of the Atlantic there could at least be back up from the other.

The third step was the introduction of a new way of organising the manufacture. Pressac, like so many of its peers in the UK engineering industry, switched from batch manufacturing to cellular manufacturing.

Linking together the different steps of production in a cell has raised quality levels: the next stage cannot be started if the preceding stage has not been completed properly, while in batch manufacturing, where processes rather than products are linked together, locating a quality problem was difficult.

Mr Cullis calculated that Pressac had made productivity gains of between 40 and 60 per cent with the cellular manufacturing of the etched process. In 1989, Pressac employed 1,800 people. Now it employs 700 for a similar turnover of around £33m a year.

Because higher demands are being made on each employee, much greater attention is being paid to training. On the cell notice boards at Long Eaton, alongside the photographs of the cell members, there are charts of their training accomplishments.

"The next stage is that each cell will have a self-improvement programme," said Mr Cullis.

As in-house skills widen, so does Pressac's ability to diversify the products to which the skills can be applied. This diversification has started. The circuit board technology is being applied to heated wing mirrors and to the control of air bags.

■ PROFILE: LVD OF BELGIUM

Well-spent money beats the recession

New tools for cutting sheet metal have kept a 40 year-old company perennially young, says **Andrew Baxter**

"The best way to come out of a recession is to innovate," says Mr Jean-Pierre Lefebvre, president of LVD, Belgium's biggest machine tool producer and a manufacturer of machines that cut, bend and punch holes in sheet metal.

Most machine tool builders agree, but not all have been able to achieve that in the past two years of virtually worldwide gloom in the capital equipment industry. Throughout this period LVD has continued investing in more new products than ever.

But LVD, founded in the early 1950s and based at Gullegem, is not the average machine tool builder. With turnover of about £60m and 900 employees worldwide, it is significantly bigger than the norm in the industry. Yet it remains in the control of the three founding families – Mr Lefebvre is son of one of the founders.

LVD's location in what was predominantly an agricultural area has created a sense of independence, preferring to make components rather than buy in.

With no outside shareholders to worry about, LVD has been able to take a very long-term view of its future needs, says Mr Lefebvre. But he is not dogmatic about keeping the company privately-held.

So far, LVD has managed an almost unblemished record of year-on-year growth in turnover, which peaked in 1989. However, the downturn since then has been relatively mild by machine tool industry standards. Sales in 1992, when the company made its first ever loss, were down 4.5 per cent on 1990 levels. The company failed to return to profit last year when sales fell a further 12-13 per cent to about BFr2.6bn. But that was still about 25 per cent higher than in 1987.

The company has built its success on a policy of product and geographical diversification in sheet-metal machinery, to protect itself from overdependence on any one sector. It has also been careful to control its worldwide distribution channels with sales and service sites in all major markets, rather than having too many agents.

The relatively wide product range for a company making metal-forming machines means that LVD cannot throw as much money on individual product areas as some of its larger competitors, notably Trumpf of Germany and Amada of Japan. It also has to fund the relatively costly systems for its machines, which it has been using for the past 20 years to differentiate its products from its rivals'.

The development of new products or entry into new markets, therefore, is an area where LVD has little margin for error. It regularly spends 7-8 per cent of sales on research and development, and always likes to have new products ready for when a recession ends.

It has consequently looked to acquisitions and technical co-operation to help develop its range rather than concentrate totally on internal R&D.

Another development has been a shift in manufacturing strategy. Employment at Gullegem has fallen from 670 to 600 since 1990 because of the recession and the need to raise productivity.

■ CONTINUING PROFESSIONAL DEVELOPMENT

Back to the school desk with Rover

Growing numbers of UK engineers are going on skill-raising courses. At Rover Group, CPD is seen as vital to raising the calibre of the company's senior staff, reports **Mike Farish**

After 26 years with the Rover Group Mr David Hackett can see how the company has changed since its doldrum days a decade or more ago.

Now the company has a fluid structure that aims to "exploit the knowledge and experience" of its workforce. Employees must show the adaptability and flexibility needed to go "as and where required by company needs".

His own recent experiences illustrate the point. Five years ago he became one of Rover's new breed of "cell managers", heading up around 100 shopfloor workers on the recently-launched K-Series engine. After a subsequent spell as a shift manager he moved into product design to assist further development work. Currently he is Conformance Manager for K-Series Manufacture with responsibility for quality and processes in the machining and assembly areas. Next year he will be helping oversee the introduction to manufacture of the enhanced engine.

This has required the exercise of a broad mix of managerial and technical skills. Accordingly shortly after he became a cell manager he embarked on the two-year part-time Integrated Manager Development Scheme (IMDS) run by the Warwick Manufacturing Group at Warwick University specifically for Rover employees.

Through a mix of tutored course and project work he acquired new expertise in areas such as corporate management, finance, quality, statistics and information technology. It was, he says, his first experience of formal education since he had completed his apprenticeship over 20 years previously.

But Mr Hackett is only one of around 700 Rover employees to have embarked on IMDS or its equivalent. Moreover 1,500 of Rover's cadre of 4,000 managers have taken some sort of course at Warwick and many more of the 33,000 total workforce have undertaken a personal development and learning initiative over the past five years.

The reason is Rover's recognition that continuing professional development (CPD), the constant effort to improve the quality of its people, is crucial to overall business success.

CPD is gaining recognition across UK industry. Figures from the Engineering Council, the umbrella body for Britain's engineering institutions, show that between 1989 and 1992 the proportion of senior engineers reporting involvement in CPD activities rose from 49 to 71 per cent.

The Council is keen to promote CPD, and has regional co-ordinators visiting companies to ensure individuals are pursuing it. A Council working party is already drafting a code of practice, which is likely to be published in about a year's time.

At Rover, the CPD initiatives are spearheaded by Rover Learning Business (RLB), a wholly-owned subsidiary with 42 staff set up in 1989 to design and develop education and training programmes for Rover's own needs.

Mr Ken Simmons, director for learning programmes, says RLB has three distinct missions – to educate the company's dealers, to facilitate the management of change within the company and to support general management development.

The main thrust of Rover's management development effort lies in a series of interlocking courses at Warwick. Recently the IMDS was replaced by the Integrated Manager Learning Programme (IMLP), again a two-year part-time course but now allowing attendees to mix a mandatory core of nine general management modules with seven more specific subjects of their own choice.

The core modules include, for instance, Human Factors, Commercial Law and Distribution Efficiency. Options range from technical subjects like CADCAM to business issues such as Collaboration and Contracts. Mr Simmons says the new structure allows employees more leeway to promote "their own personal aspirations".

Beyond IMLP lie two more levels of achievement – the Integrated Graduate Development Programme (IGDS), a three-year MSc degree programme, and a four-year Engineering Doctorate. Below it is the basic Improving Business Effectiveness course comprising three one-week modules intended to provide an introduction to business issues for individuals lacking academic self-confidence.

Within Rover numerous other initiatives are under way all of them ultimately relating back to the company's Corporate Quality Strategy Document, which specifically identifies "learning" as a fundamentally important activity. The document is written by about 400 of Rover's senior managers and the courses devised by RLB are the result of similar broad-based consultation. The Rover Employee Assisted Learning (REAL) scheme allows every Rover employee to claim a £100 subsidy towards tutored learning in any subject – even ballroom dancing – the point being simply to get individuals used to the idea of learning new skills.

Around 70 per cent of all employees have a Personal Development File, a comprehensive set of documentation that allows them to map out their own career progress plans.

This year the company is also implementing new Personal Development Reviews, in which individuals discuss with their immediate managers their success in achieving personal objectives defined in the context of cell, departmental or wider corporate performance targets.

A fundamental principle in the whole of Rover's CPD efforts, in fact, is the delegation to line managers of responsibility for assessing the training needs and progress of their charges and frequently for providing it.

All this costs Rover around £35m per year in direct charges and time lost from immediate productive work. But Rover is confident that its people development initiatives are a crucial factor in its renaissance and equally adamant that it is not consciously copying the example of any other firm.

Enthusiasm for CPD continues unabated at the car manufacturer. Mr Hackett, for instance, is thinking about applying for the IGDS scheme and, says Mr Simmons, the very first morning after the takeover by BMW was announced RLB took a dozen phone calls from Rover staff wanting to learn German.

☐ *Mike Farish is a freelance writer on business and technology issues in the manufacturing industry*

Rover's Mini plant: a constant effort to improve the workers' quality Picture: Colin Beere

هكذا من الأصل

Jobs: Companies are exploring new ways of using non-executive directorships to develop talent

Nursing time for boardroom babes

One of the most visible consequences of the Cadbury report on corporate governance has been the impact on the recruitment of non-executive directors.

The number of UK directorships within UK listed companies has grown markedly in the last year. Some estimates put the total at between 7,000 and 8,000. I have been unable to obtain a breakdown that shows how many individuals are sharing those posts but the ratio of jobs to people appears to be decreasing as it becomes less and less acceptable to collect them like scout badges.

Cadbury has opened a seam of lucrative business that the recruitment industry has not been slow to exploit. But the fees have to be earned and the Cadbury recommendations suggest there is room for new players to extend the range of suitable candidates.

If Cadbury's insistence that a non-executive director should add value to a company is to be taken seriously, it should spell the end for traditional methods of recruitment. The telephone call to a chum and a measure of gin and geniality over lunch at the club are becoming the exception rather than the rule.

"It is no longer acceptable for a company to approach its merchant bank for a recommendation. This is a serious appointment and should be treated seriously," says Sir Adrian Cadbury. "What companies need to to do is to look at the board they have, set out the kind of background, experience and age of the person required, and ask themselves what is going to add value to the board. That focuses the search so they are looking for a particular kind of candidate."

The unfocused approach whereby a non-executive chairman might be recruited in the image of the chief executive can prove a dangerously comforting accompaniment to potentially disastrous decisions. How many times have non-executive directors failed to spot the danger signals? Delay or inaction was apparent in cases such as BCCI, Maxwell, Polly Peck, Tiphook, Queens Moat and Spring Ram.

A more questioning approach in these cases may have stopped the rot at an earlier stage. The job can no longer be a free lunch in the diary taken in the spirit of acquiescence. In the US, the non-executive is termed an independent, and deservedly so, as he or she has helped to influence a series of celebrated boardroom oustings.

What makes a good non-executive director? Sir Adrian says: "You want people committed to the company but you want them to be questioning. It is knowing what question to ask and knowing how to engineer the answer that is important."

Where you should look may depend on how much you want to pay. Sir Adrian, chairman of ProNed, the former Bank of England non-executive selection operation now joined with Egon Zender, the international headhunting firm, says that typically ProNed would supply five or six names that fitted the specification. Since they are drawn from a list of people willing to serve on boards, the company can make an initial choice without causing embarrassment.

Avoiding embarrassment, a peculiarly British disease, is still an important selling point for services such as ProNed. Headhunting companies are also aware of the pitfalls, but the desire for complete discretion, like the old boys' network, may be fading.

The Institute of Directors maintains a register of 3,000 names, mainly of people in executive or executive chairman posts. Guided by the client's specifications, names are sifted from a database. "This method means that most of these people will have no connection with the company," says Alex Lamb, head of board development at IoD.

True independence, prized by Sir Adrian, is an ideal that still has some way to go to overtake reality but changes appear to be accelerating. Colin St Johnston, the managing director of ProNed, says that 93 per cent of all listed companies had non-executive directors at his count last June and he believes that proportion may have increased.

While 12 years ago, when ProNed was formed, some 80 per cent of non-executives would have had some previous connection with the company, the figure is now nearer 20 per cent.

"There is still a long way to go to ensure the selection process is thorough and professional and does not use various networks," says St Johnston. "But the biggest companies are now being much more thorough and it is no longer good enough for the board to write down names of people considered appropriate."

Inevitably, many lists begin to look familiar, but there are new initiatives that may help break up the non-executive merry-go-round by applying more imagination to the selection process.

Hanson Green, a headhunter specialising in the non-executive market, has set up the Annexe Scheme; a sort of kindergarten for independent directors, drawing promising young executives from leading companies and placing them in non-executive boardroom positions.

The client in this case is not the company that receives the appointment, but the provider company which pays a £10,000 fee. "For this and the sacrifice of perhaps 12 days a year, they are able to provide the sort of practical boardroom experience for their most promising people in a completely different corporate culture," says John Brill, of Hanson Green.

While the hiring company will not have the experience of an old head, it will gain enthusiasm and a fresh approach from a talented individual who will typically be a managing director of a subsidiary.

The Annexe scheme is breaking the mould, claims Brill, providing access to relatively unknown people who are not quite ready to move up from subsidiaries but who have sufficient experience to attract attention within a large group.

The suppliers can be enthusiastic recruiters too. Shortly after Hanson Green placed Harry Richardson, a director of EDS Scicon, part of Electronic Data Systems the information technology company, at Fletcher King, the publicly quoted firm of chartered surveyors, Mark Sketchley - the corporate fiance director at Robert Fleming - was given a non-executive directorship at EDS Scicon. Annexe has about 50 candidates on its books and has placed about 20.

If Annexe is a nursery, then an even newer organisation called Prowess is perhaps offering something nearer a baby-walking service in terms of status and youth (some of its candidates are barely 30), although that fails to reflect the quality of learning experience it provides.

Prowess works on a subscription basis. For about £10,000 a year, companies join something like a club which enables them to farm out those with fast track management potential to non-executive positions in other companies or in the public sector. National Health Service Trusts are an enthusiastic supporter of the service.

Organisations such as British Airways, Cable and Wireless, Kingfisher, Ernst and Young, the NHS and the Department of Employment are sponsoring the scheme and others have expressed interest.

Mark Scott, financial director of Prowess, sees the organisation as helping to extend the pool of potential non-executives of the future while broadening the experience of young executives. It has also specifically looked at women and ethnic minorities which Scott believes are pools of under-utilised talent.

Prowess emphasises that, unlike Annexe, it does not place individuals, but handles the recruitment requirements of sponsors by tapping the talent of other sponsors. If specifications cannot be met by that method, it employs executive search.

The importing company then pays a recruiting fee of 20 per cent of the intended director's salary. Prowess is in a different market from the top search companies who might charge £30,000 for placing a non-executive director – a very large proportion of salary. ProNed's service is cheaper, about £15,000 for each non-executive.

Richard Donkin

MORGAN GRENFELL ASSET MANAGEMENT

Attractive base salary + bonus + benefits — *City*

New Business and Client Documentation

New position for graduate with legal experience to join a small, dedicated team and lead negotiations with new and existing UK and international clients on the formalisation of business relationships. Morgan Grenfell Asset Management is a leading international fund management house in London with approximately £30 billion under management. Excellent future career prospects in MGAM or the Morgan Grenfell Group.

THE ROLE

- Advise Directors of MGAM, fund managers, the marketing teams and other Group resources on negotiating strategies and contractual aspects of new business.
- As part of the Secretariat Team, act as the focal point for the conduct of negotiations on client agreements, working closely with the Morgan Grenfell Group legal department. Report to the Director of Compliance and Secretariat.
- Maintain detailed up-to-date legal records on all forms of client activity and oversee the administrative support systems.

THE QUALIFICATIONS

- High calibre graduate, preferably qualified as a Solicitor, Barrister or Company Secretary, with a minimum of three years' post-qualification experience.
- Proven negotiation and documentation skills. Competent at project management. Familiar with trust and corporate structures.
- Sound diplomatic, yet assertive, communication skills. Stature and credibility to deal directly with senior management. Mature commercial approach to solving business problems.

Leeds 0532 307774
London 071 493 1238
Manchester 061 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to: Selector Europe, Ref. [illegible], 16 Connaught Place, London W2 2ED

S.G.WARBURG

Excellent salary, bonus potential and benefits — *London*

H R Management - Global Derivatives

Operating in a complex global market, S.G.Warburg is one of the world's foremost investment banks, providing flexible and sophisticated financial solutions to clients with international needs. The group employs some 5,200 staff in 36 cities and has a respected and growing global derivatives capability. A high calibre HR professional with previous experience of supporting derivatives teams is now sought to co-ordinate the world-wide resourcing requirements in this sector, in addition to providing broader HR support to the business.

THE ROLE

- Responsible to an HR Director for responding successfully to the needs of the derivatives business world-wide.
- Cover full spectrum of resourcing, employee relations, training, management and organisational development issues.
- Provide significant input to policy development and the implementation of major group projects as a key member of the head office HR team.

THE QUALIFICATIONS

- Professionally trained graduate, likely to be late twenties to mid thirties with generalist HR background gained in an international financial services organisation.
- Proven track record of providing innovative and workable solutions to resourcing and HR management issues within the derivatives or related sectors.
- Maturity and personal credibility to work effectively at this level, with the ambition and desire to succeed in a leading investment bank.

Leeds 0532 307774
London 071 493 1238
Manchester 061 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to: Selector Europe, Ref. [illegible], 16 Connaught Place, London W2 2ED

Head of Performance

J.P.Morgan Investment Management Inc. (JPMIM) in London is the international investment arm of J.P.Morgan & Co. Incorporated. With $45 billion under management, it is one of the premier investment management houses in the world.

The performance group's functions include the production of reports and analysis for all funds under management and the provision of essential marketing information in compliance with international reporting standards. It is a high profile group and performance measurement and analysis are seen as an integral part of the investment management process.

The role involves responsibility for all aspects of performance analysis within a multi-currency environment. It requires an understanding of attribution analysis for a diverse product base including equities, fixed income, currency overlay and derivatives. The position will involve the management of a team of five analysts. There will be high level contacts internally and with clients, and the individual will also be responsible for overseeing the preparation of client presentations, as well as the provision of JPMIM house analysis to a diverse group of recipients.

The ideal candidate, a numerate graduate, must be self-motivated, resourceful, able to work well under pressure and demonstrate highly-developed interpersonal skills. Previous experience of performance measurement within a dynamic environment is a must, and management experience will be required.

The position offers a generous salary and benefits package and excellent career prospects.

J.P.Morgan Investment Management Inc. is an equal opportunity employer.

Interested applicants should write with their cv, in confidence, to Helen Highet at
Jonathan Wren & Co. Ltd., No.1 New Street, London EC2M 4TP Tel. 071-623 1266 Fax. 071-626 5259

JPMorgan

Senior Money Market Sales Executives

Leading UK Investment Bank — **£ Excellent**

Our client, a leading Investment Bank with a global presence, is committed to the expansion of its Money Markets Sales capability in the UK and Europe. It is in the process of developing a new team which will focus on providing pro-active sales and distribution of money market products to the UK Corporate Market, Central Banks and professional counterparties.

These new positions have been created in response to the Bank's strategic approach to developing their Money Market presence. Already a pre-eminent and highly profitable business, the brief for the new professionals will be to facilitate long term business growth and develop a highly competitive sales business. With a customer list the envy of competitors, these roles are excellent opportunities for skilled sales professionals to extend relationships with existing clients, add new ones and bring an investment bank focus to a traditional money market desk.

The profile demanded for these key positions is an exacting one. Candidates, who are unlikely to have less than 5 years experience, will display a sound knowledge of the cash and derivatives market, including FRA's and Forward FX. You will have a proven track record in Money Market Sales, combined with first rate distribution capabilities in CDs, BAs and TBills. Finally, the ability to implement strategies, develop a customer base and facilitate long term business growth is also pre-requisite.

Of equal importance to our client, is the personal profile of the individuals. For both roles, candidates must be excellent communicators, with a proven record of developing key relationship contacts. For such individuals, few positions currently exist which afford such genuine business and career opportunities.

Remuneration, based around a first rate salary is highly attractive and is indicative of the high calibre candidates we wish to attract.

In the first instance, interested candidates should contact Karen Gay at Michael Page City, Page House, 39-41 Parker Street, London, WC2B 5LH, quoting reference 183693. Telephone: 071 831 2000. Fax: 071 405 9649. All replies will be treated in complete confidence.

MP
Michael Page City
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Sydney

TRADE FINANCE

Swedish speaker — **London based**

£Negotiable + Bonus and Benefits

Our client, a prestigious European financial institution, is an established and respected force in the provision of a wide range of banking services and products to corporate, institutional and sovereign entities in the UK and Nordic Regions.

As part of an ongoing development programme within its trade finance function, the bank now seeks a Swedish speaking Trade Financier. The main focus of this role will be to assist in the continuing development and penetration of the Scandinavian Marketplace, with the provision of both traditional and structured solutions to clients' trade finance needs and requirements.

The Successful candidate will ideally have the following profile:-

- Fluent Swedish
- Graduate level education, aged 30-40
- Extensive experience in marketing Trade Finance products
- Comprehensive structured Trade Finance knowledge

If you have the necessary skills and experience and are willing to meet the challenges of this role please call or write to ***Richard Lyons or Sean Carr.*** All applications will be treated in the strictest confidence.

Astral House
125-129 Middlesex Street
London E1 7JF

Williams Wingfield
Executive

Tel: 071-623 9493
Fax: 071-626 1263

Carr-Lyons Search & Selection Limited trading as Williams Wingfield Executive

MDA

Capital Markets and Treasury Training

to £40,000 + Car + Bonus

Management Development Associates Limited are a leading provider of tailored in-company training and development programmes. Their client base comprises the UK's leading companies with particular emphasis on the financial services sector. They have a built a reputation of excellence through the recruitment of successful experienced professionals who have the ability and credibility to train at the highest levels.

They now wish to appoint an additional Training Consultant to teach capital markets and treasury courses and related subjects to banking professionals and senior management.

You should have direct experience of capital markets products in a front office role, a knowledge of derivatives products and familiarity with modelling techniques. You should have the ability to teach, encompassing the development and design of new training programmes and teaching material.

You are likely to be a graduate with experience in an investment bank/securities house; a trainer or teacher within a banking/capital markets training organisation; working within an accountancy/management consultancy with a reputation for treasury/risk management expertise, or a leading business school. You will have a genuine interest in developing your skills in training and wish to work with a highly skilled and motivated team of professionals. Opportunities for progression are excellent for individuals capable of making a contribution to the development of MDA.

Applications should be made in writing to Charles Ferguson, Michael Page City, 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page City
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Sydney

U.S. Equity Fund Manager

London Based – Sal. Neg. + Bonus + Benefits

Sanwa International plc, which is the flagship investment banking subsidiary of one of the world's largest banks, is seeking a top flight U.S. Equity Fund Manager to join the investment management team.

You will have responsibility for the development and implementation of strategy for both our U.S. equity unit trusts and the North American portion of our international portfolios.

You will be a graduate with a successful and demonstrable track record that includes first-class experience gained with a leading investment house. You will also have an extensive knowledge of the U.S. equity markets.

This is an excellent career opportunity to work in a global organisation with a reputation for excellence. In return you will be able to command an excellent salary, bonus and a full range of benefits.

Please send your full CV together with details of your current remuneration package to Emma Rymer, Sanwa International plc, City Place House, P.O. Box 245, 55 Basinghall Street, London EC2V 5DJ.

Sanwa
International plc

MANAGER - INTERNATIONAL SECURITIES SETTLEMENTS

TO £45,000 + BENEFITS

This US Investment Banking Group has been active in Stocks, Bonds, Commodities, Options, Money Market Funds and the full range of investment and financial vehicles for over a century. It maintains one of the largest capital positions, giving it a strength and stability that few firms can match. The innovative services provided are backed by a widely respected research capability and their continued growth and success has been as a direct result of the quality of service given to their clients in a constantly changing market environment.

Reporting to the Head of European Operations, you will be a key member of the core Operational management team and have specific responsibility for International Securities settlement. Managing a team of eight individuals covering settlement, custody, and trading support of both International securities at Euroclear and European equities, you will also be involved in the provision of settlement support to sales branches and to the Group's Private Client Bank and be expected to bring added value to the whole process of management and business support.

Candidates will be aged 26-36, ideally degree level educated, with at least five years' experience of Euroclear settlement and custody, International securites markets and UK Equities, settlement and nominee. They will have a proven track record of success and dedication combined with the ability to input to all operational issues. Strong supervisory, excellent communication and interpersonal skills will be essential criteria, whilst the ability to work under pressure to tight deadlines, combined with an innovative and pro-active approach, will be needed in order to benefit from the continuing challenge this role presents.

For further information, please write in strictest confidence enclosing full curriculum vitae to Giles Simons.

Firth Ross Martin
SELECTION

FIRTH · ROSS · MARTIN ASSOCIATES LTD
Bell Court House · 11 Blomfield Street · London EC2M 7AY · Telephone 071-628 2441 · Fax 071-382 9417
A MEMBER OF THE BLOMFIELD GROUP

COMPLIANCE MANAGEMENT

Following an international career development move, N M Rothschild & Sons is looking for an experienced compliance professional to strengthen its group compliance function.

This is a challenging opportunity for someone with a thorough knowledge of IMRO/LAUTRO regulations to assume day-to-day responsibility for compliance issues relating to the Rothschild Group's asset management activities throughout the UK and Channel Islands.

The role will entail wide-ranging interpretation and advice across the full range of IMRO and LAUTRO/PIA compliance issues, as well as the development and implementation of compliance procedures and ongoing liaison with the relevant regulatory bodies.

Candidates, probably aged around 30, should have at least three years' experience in a progressive City compliance function - ideally in investment management or merchant banking - together with proven numerate and analytical skills and a strong commercial orientation. An outgoing personality and excellent communication skills are essential requirements, while a professional background (including a legal or accounting qualification) would be a distinct advantage.

This manager-level post qualifies for an excellent salary plus competitive banking benefits including bonus, mortgage subsidy, company car and private health care.

In the first instance, please send your detailed curriculum vitae, in the strictest confidence, to: Andrew May, Director of Personnel Services, N M Rothschild & Sons Limited, New Court, St Swithin's Lane, London EC4P 4DU.

N M ROTHSCHILD & SONS LIMITED

Lombard Odier & Cie

Bankers since 1798

To enhance our Emerging Markets capability, we are seeking an

ANALYST / MANAGER

familiar with diverse financial environments, able to originate new investment ideas and prepared to take a wholehearted interest in a demanding job.

We require:

- At least 3 years' experience in fund and/or institutional asset management.
- Training in financial analysis.
- Fluent French and English, and a working knowledge of another language.
- A university education or equivalent.
- An ability to work independently.
- A person aged 28-35.

We offer:

- An excellent opportunity for career development in a department with a future.
- A job based in Geneva but requiring frequent travel.
- A first-rate benefits package.

Starting date: whenever convenient.

Please send your handwritten application, accompanied with your resume, photocopies of your diplomas and your photograph, to the Head of Personnel, who will treat it in the strictest confidentiality.

11, rue de la Corraterie - 1211 GENEVA 11
Switzerland

Geneva - Zurich - Vevey - Lugano - London - Amsterdam
Gibraltar - New-York - Montreal - Hamilton - Tokyo

Tax Manager

Applying your tax expertise to investment banking opportunities

City

Swiss Bank Corporation is one of the world's premier investment banks. An integral part of our strategy is to deliver value-enhanced solutions to our clients' business needs. Increasingly this involves more complex transactions and products with a significant element of tax structuring, both in the UK and overseas.

We intend to expand our existing tax group by appointing a Tax Manager to assist in the development and promotion of new ideas, as well as supporting ongoing initiatives across the full range of our business. The Tax Manager will also, with support from the Tax Assistant, be responsible for the preparation of corporation tax returns.

The position will appeal to an experienced Tax Manager with a minimum of 3 years' post-qualifying experience. We are looking for a sound knowledge of the commercial and technical aspects of banking products and markets, supported by excellent contacts with appropriate tax specialists in the legal and accounting professions. First-class communication skills will enable this Manager to work interactively with all business areas and establish credibility with our clients.

Our rewards are geared to achievement and offer outstanding personal prospects. Please send your cv to Mike Davies at Swiss Bank Corporation, Swiss Bank House, 1 High Timber Street, London EC4V 3SB.

Swiss Bank Corporation

HEAD OF STRUCTURED MARKETING

Global product development with a major investment bank

Excellent package · City

Our client is the global corporate and investment banking arm of a major financial institution, with some 5,000 staff across 14 countries.

This senior role carries a brief to structure and market complex assets and liabilities using derivatives and cash instruments in all market classes (especially foreign exchange and interest rate) to financial institutions and corporates in the UK and Europe.

The ideal candidate will have at least a Ph.D or preferably a professorship in Financial Theory, specialist knowledge of options and derivatives, and a strong grasp of accounting and tax treatments on derivative products.

The ability to train marketing staff in the usage of complex derivatives and structuring techniques will be a vital asset, as will the confidence and communication skills to present to large audiences.

The package on offer, is designed to attract and retain a professional of the very highest calibre.

If the description fits you and the proposition matches your ambitions, please write, clearly stating any organisations to which your application should not be sent, to: Alastair Lyon, Confidential Reply Handling Service, Ref 852, Associates in Advertising, 5 St John's Lane, London EC1M 4BH.

ASSOCIATES IN ADVERTISING

European Analyst

Competitive Package

Kleinwort Benson, one of Europe's leading integrated houses, is looking for a European Analyst to join its number one rated convertibles team.

The successful candidate will already have 1-2 years experience of research analysis across a broad range of European markets, coupled with a strong academic background with evidence of numeracy and computer skills. Attainment of relevant professional qualifications, such as the Securities Institute Diploma or the Institute of Investment Analysts, would be an advantage.

Strong interpersonal skills and the ability to communicate effectively, both through written research and personal presentation, are essential.

Please write enclosing a comprehensive C.V. to:

Ms Carol Partington, Personnel Department, Kleinwort Benson Limited, P.O. Box 560, 20 Fenchurch Street, London EC3P 3DB.

Kleinwort Benson Securities Limited

Investment Manager Research

William M Mercer is one of the country's leading remuneration, actuarial and employee benefits consultancies.

Our Asset Planning Department is operating at the leading edge of investment manager research in the UK, producing qualitative research which we regard is second to none.

Now we want to push the boundaries out yet further. We are looking for an articulate, imaginative and disciplined self-starter with proven statistical and analytical skills.

The successful candidate will probably come from the fund management or broking environment and will be interested in the quantification of what makes markets and managers tick.

Responsibilities will include:

- The production of quantitative research to support qualitative judgements.
- The development of models for investment manager structures.
- The effective communication and dissemination of research.
- Responding to client and consultant needs.

He or she will be joining a lively team with access to global resources working in an exciting research field still in its infancy in the UK.

Remuneration will reflect experience.

Apply in confidence and in your own handwriting to Kim Paterson at the address below.

WILLIAM M. MERCER LIMITED

A Member of IMRO

Telford House, 14 Tothill Street, London SW1H 9NB
Tel: 071-222 9121

Godsell, Astley & Pearce Limited
Capital Markets Division

EXPERIENCED BROKER

Bond and Derivative Brokers required to work in an exciting and challenging environment. Applicants should have a minimum of one year's experience and fluency in a European language would be advantageous.

Please send a full typed CV and covering letter to: Ref. CMB, Senior Personnel Officer, Exco International plc, Sherborne House, 119 Cannon Street. London EC4N 5AX.

NO AGENCIES

EXCO

Salomon Brothers International Limited

Repo/Money Market Trader

Salomon Brothers, one of the world's leading international investment businesses, wishes to recruit a Repo/Money Market Trader to join its existing team.

Responsibilities will include managing continental collateral books, developing customer relationships and providing back-up for other collateral trading activities.

The successful applicant will be educated to degree level, ideally with a finance/economics bias, and must be able to show well-developed interpersonal and analytical skills. In addition he/she must be fluent in at least one European language other than English – ideally German. Previous experience is not necessary as full training will be given.

Interested applicants should write, enclosing a complete cv and covering letter, to **Isabel Doverty, Salomon Brothers International Limited, Victoria Plaza, 111 Buckingham Palace Road, London SW1W 0SB.**

Salomon Brothers

FIXED INCOME QUANTITATIVE ANALYSIS to £50,000

A major European bank with a strong presence in International Bond Markets wants to recruit an analyst to work in their quantitative fixed income research department. The group provides the analytics to support the market making, proprietary trading and corporate finance activities of the bank.

Ideally you will have a good degree and post graduate qualification in a maths related subject and at least four years experience in a fixed income environment. You should have a good knowledge of term structure, relative pricing and financial modelling.

As a personality you should enjoy accountability as you will work closely with the end-users of your research. You must also have a good feel for markets, the ability to think laterally and be able to present your ideas in a clear and persuasive manner to people of varying technical expertise. **Call Tony Sheppeard**

MARKETING OFFICER - Major UK Corporates to £35,000+

A leading International bank wants to recruit an experienced marketing officer to work within its marketing team. The team is composed of young professionals (early 30's) and concentrates on marketing the bank's products and services to the top 400 UK corporates.

The successful applicant will immediately assume responsibility for managing existing accounts but will be expected to develop new relationships to significantly expand the bank's corporate client base. As such you will need to be sufficiently experienced in relationship management, have an in-depth knowledge of major UK companies and be able to demonstrate the ability and motivation to develop new business. You must have a broad knowledge of banking products, be educated to degree or ACIB standard and be currently employed within the marketing department of a large bank. As a personality you should be ambitious, articulate, persuasive and be able to work both within a team and under your own intiative. **Call Tessa Beck**

AUSTEN SMYTHE SEARCH and SELECTION
127 Cheapside, London EC2V 6DH. Tel: 071 600 2862 Fax: 071 726 4290

ACCOUNT EXECUTIVES - EUROPE

£18 - £25k Basic
25-35 yrs & Performance related Bonus & Benefits

Technimetrics is a diversified information service company specialising in the creation of global databases to facilitate businesses in their communication and marketing efforts.

Over 1,000 corporations and approximately 130 brokerage houses as well as numerous stock exchanges around the world rely on Technimetrics research to reach their target audiences.

As a result of planned expansion we wish to recruit several self-motivated and energetic professionals to work from London to cover the European markets. Applicants are likely to be graduates with an understanding of the financial markets. They should have a record of success in developing existing and new business at senior executive level. Preferred candidates will be team players eager to join a group of individuals proud of their collective efforts.

Excellent European language skills are a prerequisite for all positions with mother tongue German required for the German market. Some computer literacy is required.

If you relish the challenge of an opportunity in a growth sector, please send your curriculum vitae to:

Ms. Ciara Scallon on fax: 071 580 6476.
Technimetrics, Inc., 84 Newman Street, London W1P 3LD

TECHNIMETRICS, INC.
A KNIGHT-RIDDER COMPANY

OFF-BALANCE SHEET £70,000
High profile European bank wishes to appoint a senior trader with expertise in FRA's and Futures. Ideally aged 25 to 32, candidates will have gained at least 4 years experience dealing in GBP, USD or DEM, and should have a sound understanding of the Cash market, Swaps & Options and Arbitrage techniques.

SPOT F.X. £60,000
Major international bank with an active presence in the Foreign Exchange market seeks dealers to quote interbank in $/DEM or $/JPY. A minimum of 4 years experience with a successful career history to date is essential. We are also keen to speak to senior Spot traders who are willing to relocate to the Middle East.

CORPORATE F.X. £45,000
Position is available on the Treasury Services desk of a highly regarded merchant bank for a customer dealer with a minimum of 3 years experience of marketing and servicing clients with the full range of F.X. and Money Market products. Candidates will be computer literate graduates aged between 24 & 31. Fluency in another European language would be advantageous.

CURRENCY OPTIONS £55,000
Top US bank is seeking a self-motivated individual to develop its marketing/trading strategy in Currency Options. Applicants should be graduates in the age range of 26 to 35 with around 3 years dealing experience in Derivatives.

FOREX Selection
Treasury Recruitment

Please call Jane Hampton or write in confidence quoting ref: JH1893.
Tel: 071-369 0369.
36 Cornhill,
London, EC3V 3PQ.
Reuters Page LOLO

MERIDIAN

DIRECTOR – SECURITISATION

A leading international bank requires a Director of Securitisation to be a senior member of its European Asset Backed Finance Group, responsible for initiating, managing and implementing asset backed transactions in the UK and the rest of Europe. The individual will also be responsible for assisting other Group members with risk and flow analysis, computer modelling and structuring of transactions.

The successful candidate will have at least 5 years experience in the asset backed field currently at Vice President or Director level and ideally have effected transactions and be technically qualified in the residential mortgage, credit card, auto and trade receivable areas. He/she will be a graduate, probably mid-30's, creative and able to work as part of a team. A very attractive package is offered to the right individual.

Please forward your c.v. to **Alex Butterworth**
Closing date for applications: 5th April 1994
25 Museum Street, London WC1A 1JT

RECRUITMENT CONSULTANTS

JUNIOR UK & EUROPE FUND MANAGERS

Develop a career in UK or European smaller and medium-sized companies fund management with a major international house.

John Govett & Co., an innovative City of London and international investment house is searching for two new junior fund managers to assist its UK and European investment teams.

At least three years prior experience of fund management or stockbroking is essential as are a good academic record, a personable nature and communication skills. A professional qualification is preferred.

We manage around £1.5 billion in smaller and medium-sized company portfolios worldwide. If you have the experience and expertise we require, coupled with a strongly analytical mind, please write to me at the address given.

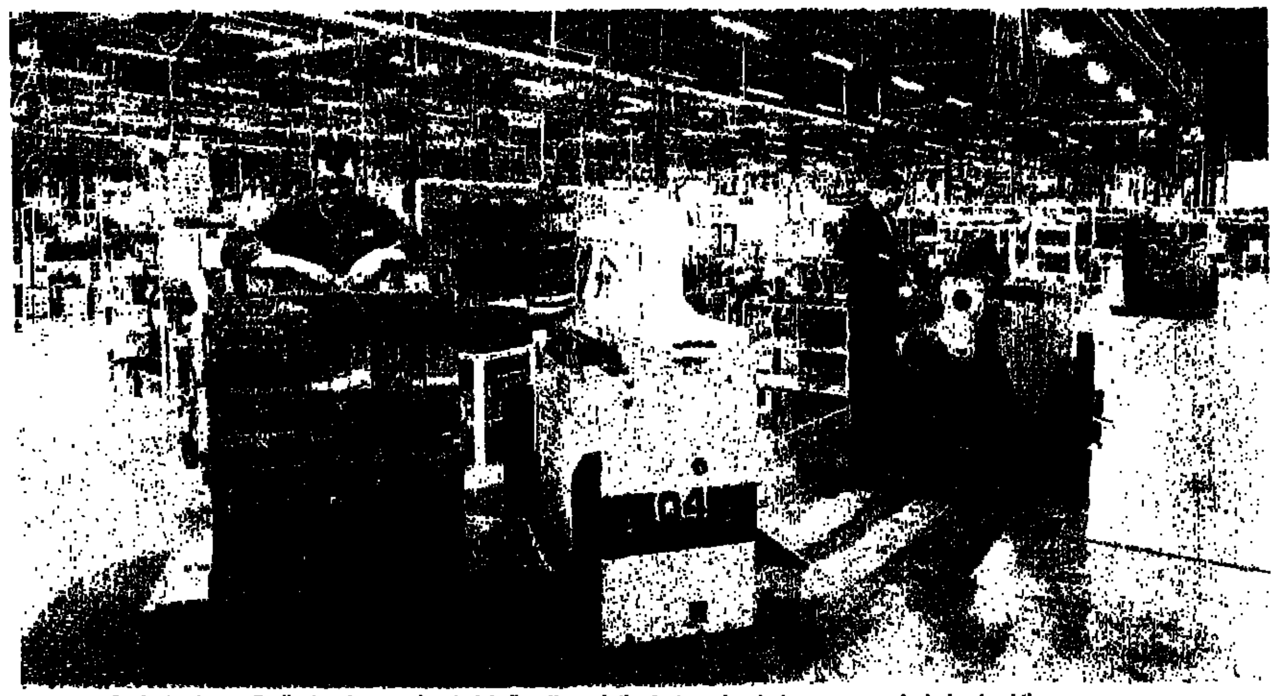
JOHN GOVETT

Peter Pejacsevich,
Chief Investment Officer
John Govett & Co. Limited
Shackleton House,
4 Battle Bridge Lane,
LONDON SE1 2HR.

■ DIESEL ENGINE WARS

Perkins, Cummins take off the gloves

US engine makers' British subsidiaries use contrasting tactics in their contest for sales of the smaller range of diesel power packages



Cummins Engine's plant at Darlington: improved materials flow through the factory aims to improve manufacturing lead times

"We are happy to show anyone interested in seeing world class manufacturing around our plant," says Mr Tony Gilroy, chief executive of Perkins, the Peterborough-based diesel engine producer. "Except Cummins of course," he adds with a grin.

The feeling is mutual some 160 miles north at the Cummins engine plant in Darlington, which Mr Denis Welch, plant manager, believes can show competitors a thing or two.

The two plants are the biggest producers of diesel engines in the UK, and compete directly at the smaller end of the market. Each plays a vital role in the worldwide competitive battle that pits Indiana-based Cummins Engine and US-owned Perkins against each other and a handful of other big US, European and Japanese producers.

The history, appearance and size of the plants is very different – the Perkins plant opened in 1947, so looks older and still employs 2,750 overall. At Darlington, Cummins only began manufacturing in 1965 and at its peak employed 3,100 people. It now employs 650, of which 500 are involved in UK manufacturing.

But there is one striking similarity: although the starting points may have been different, both plants have been through considerable upheaval over the past three to four years.

In particular, there has been a fundamental cultural change based on teamwork and "empowerment" which encourages the workforce to think for themselves and make suggestions. "People are paid to improve the business, not just perform to the status quo," says Mr Welch.

At both companies, the concept of "customer-led quality" has been adopted with enthusiasm – and an acceptance that competitive pressures in the industry make the need for continuous improvement imperative.

The transformation of the two plants leads observers to conclude that UK diesel engine manufacturing is in pretty good shape. "It's alive and kicking," says Mr Allan Rawnsley, an industry consultant. "It's significant that Cummins has made the UK a major base while Perkins, with its roots in the UK, has built on local strengths."

The achievements of the industry are all the more remarkable because of the complexity of diesel engine production. At Peterborough, Perkins has more than 13,000 part numbers and at any time 8,000 part numbers will be going through the production system, says Mr Miles Coleman, general manager for manufacturing at the main Perkins Engines (Peterborough) business unit.

It is mass production, but flexibility has to be built-in too. Perkins produces 720 engines a day at Peterborough with an average batch size of five, says Mr Gilroy.

At Darlington, meanwhile, there are 1,600 "live" engine specifications and 200 specification alterations a month, says Mr Dave Womersley, manufacturing manager. In 1986, the plant only handled 84 specifications, showing how customers' demands have changed.

Production levels also vary widely, requiring action to ensure plants stay profitable at lower capacity usage levels. Cummins is producing 105 engines a day now, but Mr Welch cannot remember a quarter where production has not varied by less than 15 per cent from the previous three months.

At Cummins, what Mr Welch calls the "major vehicle for change" has been the so-called Cummins Production System, a system of improved material flow through the factory which aims to reduce manufacturing lead times by shortening production routes and to eliminate waste through Japanese-style Kaizen or continuous improvement methods. "Continuous improvement beats postponed perfection," says Welch.

Perkins Peterborough plant, opened in 1947, finishes 720 engines a day in batches of five

The system uses five guiding principles which are translated into 10 practices to help improve performance. They are:

- "the customer comes first"
- "quality in everything we do"
- "people make the difference"
- "education and training are the foundation for improvement," and
- "we are in it for the long haul".

In production terms, the specific aim was to iron out bottle necks which were restricting output to nine or 10 engines an hour. "We said, 'what do we have to achieve to get production up to 16 an hour?'" says Mr Welch.

The system has reduced the average throughput time from 4.5 days to three days since 1986, and Mr Womersley is looking for a further 30 per cent improvement over the next 18 months. The 16-engine-an-hour target has been achieved, and installed capacity has been improved from 40,000 engines a year to 56,000.

Darlington is essentially an assembly plant but Peterborough has historically done a great deal of its own machining. About five years ago, however, it decided only to make internally what it could do better than outside suppliers.

The result, says Mr Gilroy, was the sale of all manufacturing of parts such as flywheels and manifolds, which are still produced in Peterborough by Precision Components, a Triplex Lloyd unit. Perkins still machines basic parts such as engine blocks and cylinder heads.

This was followed in 1991 by a major total quality initiative. That was a relatively late move into TQ by international standards, but, as Mr Rawnsley comments, Perkins have grasped the nettle.

An external investigation by Quest consultants had established a year earlier that, by world class standards, Perkins was suffering from poor product and service quality, and Mr Gilroy was determined to change that.

The programme has three interlocking elements – "customer led," "continuous improvement" and "involvement and culture change". Each began with a set of goals, followed by a number of key steps for achieving them.

The "customer-led" element, for example, had three goals; to anticipate customer needs by knowing its business, to be seen to add value to customers' business, and to be first choice in diesel selection.

Using approaches such as setting joint improvement plans with customers and distributors and fixing aggressive targets for improving performance, achievements have included reducing engine lead times from 12 to two weeks for major customers. Delivery reliability has also been increased.

Some elements of the changes on the factory floors at both plants are similar. Both companies have, where appropriate, adopted line-side storage to give individual teams a highly-visible means of controlling their stocks.

Cellular manufacturing, with its inherent flexibility and multiskilling, has also been introduced where possible. At Cummins, reorganisation of cylinder head sub-assembly has reduced floor space by nearly 40 per cent, cut throughput time from 30 minutes to 20 minutes and halved employment from four to two.

A larger section at Perkins for the assembly of engine blocks has seen employment fall from 17 to 14, while quality and productivity have been enhanced through a computer-based system that shows workers which parts to use and makes it easier to cope with mixed production runs. Cummins also uses error-proofing techniques to ensure flexibility is not compromised by lapses in assembly.

Significantly, both companies say that no worker will lose his or her job because of the improvement programmes – although there may be other reasons such as market conditions.

This is a vital pledge. Not only does it help smooth the path to improvement in heavily unionised environments, it could also be one reason why the workers at both plants are willing to make suggestions for improvements.

Both companies have spent heavily on training as part of the cultural change programmes, in an effort to maximise employee involvement in the business and, as Mr Gilroy puts it, to "change attitudes so that workers can feel they are making a contribution to the business".

Highly public, incentivised methods are used to recognise quality and other improvements, through everything from noticeboards to medals, and special events.

By training to achieve true teamwork, the pay-off comes from suggestions made by the teams, who are often in the best position to make them anyway.

At Cummins, workers on the oil cooler assembly section worked out a simple, pc-driven system to identify the right parts for each different unit. The parts, which until recently were piled in a heap, have been sorted out on racks to reduce errors and improve stock rotation. There have been many such "low-cost or no-cost" improvements, says Mr Womersley.

At Perkins, says Mr Coleman, "we are encouraging and tapping into people's suggestions". An example was a suggestion last year from a TQ team for barcoding to be used on engines, replacing an often difficult to read sticky tape.

Another example quoted proudly by Mr Gilroy involved a shopfloor worker drawing up a "process map" for engine production that covered an entire table. This was the basis for a successful initiative simplifying the map.

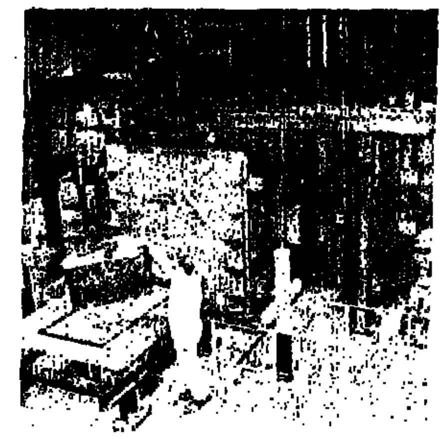
As for results, sales per employee have risen dramatically. At the Cummins plant they have leapt from $65,000 in 1986 to $408,000 last year. At Perkins, for the same period over the company as a whole sales per employee rose from $77,000 to $185,000 at Perkins. And neither company is resting on its laurels.

Andrew Baxter

■ PROFILE: DERITEND PRECISION CASTINGS

Foundry finds a giant niche

DPC tells Paul Cheeseright what was involved in its decision to switch to the heavy castings market



DPC casting equipment: larger products now account for 30 per cent of the business

Deritend Precision Castings has been looking for size and not just in the normal corporate sense of expansion. Rather it has sought and found the ability to cast ever larger components for use in power station turbines.

Production of these large components by investment casting, as opposed to fabricating or forging, is what earns it a specialist market niche. Plenty of companies can cast the small components but, said Mr Paul Farrow, managing director of DPC, "there is only one other site in the world capable of casting large casings," and that is in the US.

This concentration on the heavy component end of the turbine market is of relatively recent duration, but in some respects it has saved the company. DPC has been a foundry player since 1948 and a leader in UK investment castings. By the late 1980s it was under threat.

"People come up with cheaper products. You've got to offset this by coming up with a product which is better and for which there is a high entry cost," said Mr Farrow. At the same time the company "perceived a requirement for large investment cast components for the industrial gas turbine which would substitute for forgings and fabrications".

The market analysis went further. It forecast that, with any peace dividend, there would be problems with sales to the defence and aerospace industries. So there was a case for trying to shift the direction of sales. The share of the industrial turbine makers in DPC's customers has risen to 85 per cent from 48 per cent in 1988.

Supplying the industrial turbine market has been a focal point of Triplex Lloyd investment. Triplex Lloyd acquired DPC in 1989 and its power division, of which DPC is a part, has consistently raised profits. DPC's own sales have been on a steadily rising trend as the power business proved almost invulnerable to recession.

DPC had annual sales of £7m in 1988, just before the Triplex Lloyd takeover. In the year to March 1993 sales were £18.6m and for the financial year just finished they will probably turn out to be about £20m.

The way the activities of the group have been switched round is apparent in its international market share. In some areas, like the very large vacuum castings, it has 100 per cent, but at the level of the smaller castings its share drops to 12 per cent. The larger products now account for 30 per cent of DPC's business.

The cost of this switch in the emphasis of DPC's business so far has been £5m on equipment with another £1m left to spend and between £1.5m and £2m on product development. This enabled it to handle castings weighing up to 500 kg, compared with only 30 kg previously.

To handle such heavy castings, a fresh approach to the making of the wax moulds into which the metal is poured has been required. Larger furnaces have been needed. Because the weights involved have increased there has had to be a greater reliance on robotics. The creation of larger and larger castings has meant that strains in the metal alloys, different from those in smaller components, have needed new metallurgical insights.

With the new equipment, DPC will be able to push its sales up by 50 per cent to £30m a year. But the arrival of new equipment has meant changes to the physical lay-out of DPC's plants at Droitwich, Worcestershire. There production is concentrated in two plants – Vines Lane, which has been redeveloped, and Berry Hill, half a mile distant, where finishing takes place and support services are situated. Like other engineering companies, DPC has coalesced its move to new products and new techniques with a change in manufacturing organisation. It too has adopted cellular manufacturing. At Vines Lane, the cells are based on the large products, the smaller products and a jobbing operation which produces components to special order in small quantities.

Introduction of cellular manufacturing has had familiar effects. The lead time for orders has been reduced from 16 weeks in 1991 to between eight and 12 weeks, with the aim of coming down to eight. The overall capital base – that is fixed assets and working capital – has been reduced by eight per cent. "We have stopped component tourism," declared Mr Farrow – that is half-made products do not wander around the plant any more. These changes were accompanied by a new emphasis on training and DPC management now claims that each employee is multi-skilled.

These investments in equipment, products and people have kept DPC in the game it has chosen to play. The gas turbine market has grown steadily. "It has probably reached a peak in terms of placing orders," said Mr Farrow. "But there is a spares requirement later and this has not started. Over the next 10 years we don't see any decline in the total of parts required."

Wassall PLC

Financial Analyst

Wassall PLC is an industrial holding company with subsidiaries world-wide in the fields of building materials, packaging and consumer products. It specialises in the acquisition of businesses which have potential for improvement under its management.

The company is recruiting an analyst to join its small London head office to assist in identifying and appraising new acquisition opportunities which will contribute to its future growth.

You will probably be between 30 and 35 years old and though you need not be an accountant you must have analytical experience which could have been gained within a corporate environment or in financial services such as banking, stockbroking or venture capital. A commercial and practical understanding of the way businesses function is essential.

You will be ambitious, energetic and a self-starter but you must be disciplined and able to work within a team structure.

If you are interested in participating in this exciting and growing company's activities please write in confidence, enclosing a full CV, including current salary (quoting ref 2221) to AAD Executive Selection, 7 Curzon Street, London W1Y 7FL.

AAD *The Executive Selection Division of Odgers and Co. Ltd*

Well established full-service inter-bank based in Madrid is looking to recruit the following:

FIXED INCOME BROKER
GOVT BROKER
OFF BALANCE SHEET BROKER
OPTIONS BROKER

Salary negotiable and dependent on previous experience.

Fluency in English essential, other languages a bonus.

These positions are offered to people able to relocate, and able to service existing and extend non-resident business.

Please send Curriculum Vitae to:

Box No. 1, Financial Times, Serrano, 58
28001 Madrid, SPAIN.

INTEREST RATE SWAP TRADER

European Bank/Derivatives Team

Established successful team requires an additional experienced IRS Trader with a proven track record and an appetite for risk.

Experience of all other derivative products and an education to degree standard are essential.

Benefits commensurate with experience.

Curriculum Vitae to:

Box B2312, Financial Times, Southwark Bridge, London SE1 9HL.

CORPORATE STRATEGY EXECUTIVE

London - c£50k + car & benefits

NFC plc is the leading international supply chain logistics and moving services company. Operating in the UK through the BRS, Exel Logistics and Pickfords brands, NFC also has extensive and expanding overseas interests notably in North America and Europe. Global revenue is around £2 billion.

Following a fundamental review of business objectives, a Director of Corporate Strategy has been appointed to lead the development of detailed plans and policies; we are now seeking a Corporate Strategy Executive to join his small team.

The key elements of the brief will include:

- ☐ Assisting in the formulation, evaluation and testing of business unit and group corporate plans.
- ☐ Identifying and evaluating potential acquisition candidates and planning the integration of acquired companies.
- ☐ Supporting other business development initiatives such as joint ventures, partnerships and major new contracts.
- ☐ Analysing current business unit contribution, including the development of appropriate performance measures and the evaluation of disposals where appropriate.
- ☐ Competitor analysis.

A good honours degree is essential, ideally complemented by an MBA or accounting qualification. Strong financial knowledge, including financial modelling, will be critical, along with well developed commercial awareness and good communication skills, both orally and in writing. We will be looking for 5-10 years' experience in a comparable functional role in industry, strategy consulting or corporate finance, plus a proven ability to work with top management on a broad range of commercial issues.

Commencing salary will be c£50k together with executive car, bonus scheme and the usual large company benefits.

Please write giving personal and career details to:
David Nicholls, NFC plc, 66 Chiltern Street, London W1M 1PR.

NFC

S.W.I.F.T.

To reinforce its competitive position in a fast changing environment, S.W.I.F.T. is seeking enthusiastic and high calibre professionals who are able to operate independently and as part of a team. S.W.I.F.T. has an opening for (m/f)

PRODUCT MANAGER

BRUSSELS

(Attractive salary + benefits)

Securities is S.W.I.F.T.'s fastest growing market. Reporting to a Group Product Manager within the Marketing Division, the Product Manager will manage securities back-office software application products.

Responsibilities:

☐ Define product strategy ☐ Define product functionality, maintenance/development and [illegible] ☐ [illegible] sales support material, market documentation and product evaluation criteria.

Requirements:

☐ In-depth knowledge of securities back office applications (SMAC systems), Trade Confirmation Matching, Position and Transaction Reconciliation) ☐ Strong Product Management skills and experience ☐ Knowledge of S.W.I.F.T. products and services ☐ Excellent interpersonal communication, presentation and negotiation skills.

If you believe that your credentials meet the job profile in this ad, then we would like to hear from you.
Please write with full career details, quoting the job reference number [illegible] in your letter and on the envelope to:
S.W.I.F.T., Human Resources Division, Avenue Adèle 1, [illegible] Hulpe, Belgium.

S.W.I.F.T. (the Society for Worldwide Interbank Financial Telecommunication) provides domestic and international financial data communication, processing services and interface software to financial institutions around the world.

Its worldwide telecommunications network guarantees the rapid, cost-effective, secure and reliable transmission of financial data using standardised messages developed by S.W.I.F.T. in conjunction with its customers.

In addition to message processing, a worldwide network and the availability of an increasing number of message standards to support new financial instruments, S.W.I.F.T. offers a variety of specialised financial services as well as software and network-compatible interfaces.

Today, over 4,000 institutions use S.W.I.F.T. to communicate with each other 24 hours a day. S.W.I.F.T. is currently operational in 100 countries and processes more than 400 million messages each year, with peaks of 2 million messages daily. S.W.I.F.T. has its headquarters in Belgium and employs over 1,100 people worldwide.

INSTITUTIONAL INVESTMENT ADVISOR SPECIALISING IN DERIVATIVE AND ARBITRAGE STRATEGIES IS OPENING IN LONDON AND IS SEEKING INVESTMENT PROFESSIONALS IN THE FOLLOWING AREAS:

- Convertible Bond Trader
- Warrant Traders
- Quantitive Analysis
- Operations and Back office
- Securities Lending

POSITIONS OFFER A UNIQUE OPPORTUNITY TO BE INVOLVED IN A START UP OPERATION. COMPENSATION IS BASED ON A COMPETITIVE SALARY PLUS BONUS AND PROFIT SHARING.

WRITE BOX B2382, FINANCIAL TIMES, ONE SOUTHWARK BRIDGE, LONDON SE1 9HL.

Major US Financial Institution

A unique opportunity for analysts or qualified ACAs with languages to join a European investment team

London £30-35,000

Our client is one of the largest financial institutions in North America. With over $150 billion of assets under management, they are a major investor in the world financial markets.

In 1992 they established a specialist team in London to invest specifically in European public bond issues and private placements. Last year the team invested over $1 billion in fixed income securities and due to their continued commitment to developing business in Europe, they are now looking for another analyst.

The successful candidate will investigate and analyse potential and existing investments with UK and mainland European corporations. This will include:

- Liaising with investment banks and major corporations to source investment opportunities;
- Analysis of the underlying financial status of the borrowers as well as the structures, documentation and relative values of proposed transactions;
- Monitoring the performance of existing investments.

Applicants should be graduates with strong financial and analytical skills, gained either in accountancy or an analytical role within a bank. Fluency in a European language is essential; French and German are of particular interest. The successful candidate will also have strong written and oral communication skills.

Working as a member of a small professional team in an attractive environment, this is a superb opportunity for individuals interested in investment management.

For further information, please contact Karina Pietsch on 071 831 2000, or write to her at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH. Please quote reference 151595.

MP **Michael Page City**
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Sydney

ASA International

Edinburgh FUND MANAGERS PLC

UK Equities Edinburgh

Edinburgh Fund Managers plc is one of Scotland's leading investment management groups, with total funds under management exceeding £4bn. Due to continued growth, opportunities exist for 2 exceptional individuals to join the highly successful investment team in Edinburgh.

Investment Manager–UK Larger Companies
Applications are invited from graduates who have at least 5 years' experience of analysing major UK Companies and managing associated portfolios. The successful candidate will be technically competent and be able to communicate easily with clients and senior company management.

Investment Analyst–UK Smaller Companies
Applications for this post are invited from graduates with two to three years' experience in UK Companies analysis. The ideal candidate will be numerate with proven technical skills. An accountancy qualification would be an advantage.

The successful candidates will be offered attractive remuneration packages, including the usual financial sector benefits, reflecting their experience and ability to work well in a team orientated environment.

For a confidential discussion, telephone or write with full CV to: **Gavin Brydon, ASA International Ltd, 63 George Street, Edinburgh EH2 2JG. Tel: 031 226 6222.**
Interviews will be held in London and Edinburgh. All CV's sent to our client will be forwarded to ASA International.

ASA INTERNATIONAL

Devonshire Executive

VICE PRESIDENT
EUROPEAN CASH MANAGEMENT

On behalf of a prime US bank we have been retained to identify an experienced professional banker to spearhead the development of its European Cash Management business.

The prime responsibilities are to direct all product management and development efforts, develop strategies for increasing fee income, deliver new products and enhancements and obtain new cash management relationships through direct marketing to European Corporate Treasurers. You will ideally be aged 35 to 45, educated to degree level or hold a professional qualification and be able to demonstrate at least 5 years' record of success in a cash management or electronic banking environment. Previous experience with a major US bank would be particularly desirable. PC literacy in addition to an understanding of the underlying integrated systems is also required.

Personal qualities of drive, energy and enthusiasm are required for this challenging role. You will need to be an excellent communicator with sound presentation and interpersonal skills together with the ability to negotiate at senior management level.

The rewards are substantial to reflect the importance of this key position. If you are ready to accept this challenge, please send a curriculum vitae in confidence to ROY WEBB, Managing Director, or telephone for an initial discussion.

7 BIRCHIN LANE
LONDON EC3V 9BY

Devonshire Executive Ltd

Tel: 071-895 8050
Fax: 071-626 2092

International Financial Recruitment Consultants

A Member of The Devonshire Group Plc

Coutts & Co

COUTTS & CO (PORTFOLIO MANAGERS) LIMITED
PORTFOLIO MANAGER - BONDS

An immediate vacancy exists for a Portfolio Manager to join a small professional investment management team responsible for the effective management of client portfolios.

The successful candidate will ideally:

- be in mid-late 20s
- have gained a degree qualification, preferably in a finance related subject or have significant relevant experience
- either possess Stock Exchange Examinations or show proven progress in achieving these
- be experienced in the investment of internationally diversified client portfolios
- possess investigative and analytical abilities preferably having spreadsheet software skills
- be expected to participate in the development of investment policy.

Coutts & Co Portfolio Managers Limited is the premier investment firm on the Isle of Man directly managing over £1.5 billion of offshore client portfolios.

The position offers an attractive salary and benefits package to the successful candidate.

Send detailed Curriculum Vitae, in strictest confidence to:

The Personnel Office
Reference INV4, Coutts & Co (Services) Limited
Coutts House, Summerhill Road, Onchan Isle of Man IM3 1RB
Tel: (0624) 632222

REPO SALES

We are a leading US investment bank with a significant presence in the securities lending markets. We are seeking an experienced repo specialist with a minimum of one years experience and a demonstrated record of success in the European markets.

The ideal candidate for this challenging role is probably a graduate and should have excellent technical skills, be highly numerate and have the ability to work in a dynamic team environment. Fluency in at least one European language is desired.

Please forward your CV to:
Box B2309, Financial Times, One Southwark Bridge, London SE1 9HL

TOP OPPORTUNITIES

MTN's **TO £100K**
Several well known Investment Banks seek experienced candidates to be involved in the structuring, pricing and marketing of the above and other associated products.

ARBITRAGE/PROPRIETARY TRADING **TO £80K**
Top Investment Bank requires a trader, ideally from a multi-product environment involving fixed income, MM and interest rate derivative markets.

DEBT ORIGINATION **TO £70K**
Marketing the above activities to various European geographics. Several top names based in the City.

For further details please call on 071-377 6488 or send/fax your CV to Andrew Stone.

All applications are treated in the strictest confidence.

CAMBRIDGE APPOINTMENTS
232 Shoreditch High Street, London E1 6PJ. Fax: 071-377 0887

A CHALLENGING CAREER IN CHINA

Concord Telecom

Concord Telecom is a subsidiary of Pacific Concord Holding Limited, a listed company of Hong Kong. The Company is aggressively involved in the manufacturing, marketing and development of pagers, mobile phones and other telecom products in the People's Republic of China.

If you are a university graduate major in Electronic Engineering/Industrial Engineering, telecom-subjects or equivalent and with at least 8 years proven experience, please forward your resume, including references, salary history and contact number/fax number to:

Concord Telecommunications Limited, Room 101, Wing on Plaza, 62 Mody Road, Tsimshatsui, Kowloon, Hong Kong.

- **GENERAL MANAGER (Ref: CTL/GM)**

The candidate will be fully responsible for the strategic planning and development of the business from the early stage. He/She will have overall responsibility in the areas of production, financial, sales and marketing. Previous relevant experience in Asia will be a definite asset. The candidate should possess a technical and/or professional qualification in marketing or finance. The applicant should have leadership quality and also be prepared to adapt to the cultural and environmental difference. Extensive travel in China is expected.

- **PROJECT ENGINEER - MOBILE PHONE (Ref: CTL/MP)**

Responsible for E-Tacs/D.Amps cellularphone development and product's transferring program. Proven experience on Amps/E-Tacs, D.Amps, GSM or DECT including firm/hardware. Sound knowledge in detail operations of stations for radio network and to fulfil the scheduled development planning.

- **PROJECT ENGINEER - FAX (Ref: CTL/FX)**

Responsible for FAX (G3-G4) machine development and products transferring program. Required to handle Image/Data Communication products development, including Hierarchy firm ware/hardware development to accomplish the new fax machine development.

LLOYDS PRIVATE BANKING LTD

Lloyds PRIVATE BANKING

HAYWARDS HEATH

HAVE A VACANCY FOR AN ANALYST, UK EQUITIES

Lloyds Private Banking Ltd is a leading provider of private client asset management services. Funds under management, including holdings of over £3 billion in UK equities have increased rapidly in recent years.

We now require an additional Equity Analyst to join the Research Department in Haywards Heath. Reporting to the Senior Manager (Investment Services) the successful candidate will be responsible for coverage of a significant part of the UK equity market and will be expected to make a contribution to the determination of overall policy.

The position is a demanding one and we are looking for the following characteristics:

- A minimum of 5 years experience in an equity research background together with an appropriate professional qualification.
- Capable of working as part of a tightly focused team.
- An effective and persuasive communicator with good presentation skills.
- Experience in technical analysis and computer literacy would be an advantage.

The position will carry a competitive salary, related to experience, plus a full package of valuable benefits.

Candidates with relevant experience, who are unlikely to be less than 25 years of age, are invited to apply by **11th April 1994** to:

Mrs Sharon Ault, Personnel Manager,
Private Banking & Financial Services,
Capital House, 1/5 Perrymount Road,
Haywards Heath, West Sussex RH16 3SP.

POSITIVE ABOUT DISABLED PEOPLE

Equity Market Data Specialist

Excellent package + banking benefits — City

Our client is one of the leading global investment banks. A Data Research function has been formed in the firm as part of a global initiative to emphasise the importance of information management to the firm's business operations. It has been tasked to look at new database development, logical database design, data collection, quality control and general data management. As part of its continued expansion, it now seeks an outstanding professional as Equity Market Data Specialist to be a key member of the team.

Reporting to the Head of Data Research Group in Europe responsibilities will include:

- Analysis of data requirements and data management needs of the equity business areas.
- Making recommendations on database development strategy for data systems.
- Help develop and give direction to a high profile team of market data specialists.

Candidates will ideally be from a quantative, research or technical background. They must have a thorough understanding of all front and back office operations, from origination to settlements procedures, particularly with regard to equity and equity derivative securities. Experience of trading analytic systems, logical database design and market data systems are all essential. You will also have some systems development experience and exposure to distributed systems management. He/she must be able to communicate effectively with senior management across many business areas.

For the suitable candidate the rewards are substantial, including a competitive base salary, performance related bonus, car scheme and banking benefits. If you believe you have the required skills and experience for this significant role, then *please send your CV to the advising consultant, Jonathan Kidd,* at Harvey Nash Plc, Dragon Court, 27-29 Macklin Street, London WC2B 5LX. (Telephone 071-333 0033). Please quote reference HNF107.

HARVEY NASH PLC

JAPANESE EQUITY SALES

City

c. £60,000 + Performance Related Bonus

The London office of a specialist international financial institution is looking to expand its Japanese Equity Sales desk. An urgent need has arisen for two highly motivated salesmen to join the team.

Reporting to the Managing Director, you will be responsible for marketing a full product range to institutional investors in the UK and Europe.

The ideal candidate will have a minimum 3-5 years relevant selling experience, covering a range of products. Excellent communication and presentation skills are essential to be successful in this highly competitive market, as is the ability to demonstrate an excellent track record of developing profitable client relationships.

The package on offer is negotiable and will fully reflect the importance attached by the company to these appointments.

*Candidates who feel they have the right background and would like to find out more about this interesting opportunity should contact **Jonathan Cohen** or **Stuart Norbury** on 071-629 4463, or write enclosing a detailed CV to the address below. (Fax: 071-629 3954).*

HARRISON WILLIS CITY

Cardinal House, 39-40 Albemarle Street, London W1X 3FD. Tel: 071-629 4463

GENERAL INSURANCE ACTUARIES WITH A EUROPEAN ROLE

Our general insurance consulting business throughout Europe continues to grow and we need additional experienced people to join our non-life consulting practice.

The practice operates throughout the whole of Europe and an enthusiasm for travel is essential. We are looking for people who are fluent in English and either French, Italian or Spanish. Your base could be London or Madrid, Milan or Paris.

You will have a minimum of 3 years' experience of general insurance business and a recognised actuarial qualification.

Our clients include most of Europe's leading insurers and related financial institutions, and you must be capable of operating at senior level in those companies: our reputation for outstanding actuarial work is second to none but it is our ability to analyse, interpret and present its *consequences* that continues to win us new clients.

Tillinghast rewards achievement and the opportunities for successful consultants are generous; a first class remuneration package is available - including a substantial performance - related element.

To discuss informally, please contact Caroline Baker or Clare Desmond on 44 71 379 4411 during working hours, or 44 71 261 9119 evenings and weekends. Alternatively, send a copy of your CV to us at Castlewood House, 77/91 New Oxford Street, London, WC1A 1PX.

Tillinghast
A Towers Perrin Company

Credit Analyst -
Fluent German £25k + Bkg Pkg
Marvellous career opp to join top Euro Bank for graduate with min 3 yrs credit exp to work on UK Corps and Banks.

Compliance Officer -
Fluent French, Italian, Spanish or German £25k
Knowledge of SFA/LIFFE regs reqd.

Eurobond Settlements -
Fluent Italian £17k + Bkg Pkg
Min 12 mths exp.

Call Euro London Appointments on Tel: 071 583 0180 Fax: 071 353 9849

FT/LES ECHOS

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone:

Philip Wrigley on 071 873 3351

GLOBAL FIXED INCOME

Exceptional opportunity within fund management

Our client is a major internationally known US name whose London based asset management team has an excellent record in managing fixed income funds for institutional clients and mutual funds. With sophisticated techniques and supported by the resources of a major financial services organisation they are poised for substantial growth in funds under management and seek two additional fund managers.

Candidates should be graduates, in their mid 20s to 30s, with a demonstrable track record in the global fixed income markets. Experience could have been gained within research, proprietary trading or fund management but essential criteria include strong analytical skills, strategic *thinking ability and team orientation.*

It is likely that these roles will appeal to highly motivated individuals who seek the opportunity to make a notable contribution in a professional team. Base salaries and bonuses will be highly competitive and the scope will be considerable in this fast growing dynamic business.

For an initial discussion in confidence please contact us quoting reference 4795 at 20 Cousin Lane, London EC4R 3TE. Telephone 071-236 7307 or Fax 071-489 1130.

STEPHENS SELECTION

A STEPHENS GROUP CONSULTANCY
London Edinburgh New York Hong Kong

«HOLDERBANK» Financière Glaris S.A. is a Swiss-based international group of companies specialized in the manufacture of cement and allied products.

«Holderbank» is setting up operations in the Middle East and Arabic countries. These ventures will bring new positions in the company for:

GENERAL MANAGERS
SITE MANAGERS
PRODUCTION MANAGERS
and
MAINTENANCE MANAGERS

The ideal candidates should have a sound knowledge of the cement, concrete or related industries or have sound experience from the heavy or mining industry. Working experience in the Middle East countries or related to these countries will be a great advantage.

An Engineering and/or Business degree will be a prerequisite. Relocating and adapting to the Middle Eastern countries is a given and therefore is fluency in French and/or English necessary, with Arabic as an advantage.

Please send your application to the following address:

"HOLDERBANK"

«Holderbank» Management & Consulting Ltd.
Management Services
CH - 5113 Holderbank/Switzerland
Att: Mr. Otto Jaggy
Director of Corporate Management Development

University of St. Gallen

The University of St. Gallen for Business Administration, Economics, Law and Social Sciences in Switzerland has an opening starting October 1, 1994 for a

Professorship in Internal Auditing and Management Accounting

As a leading business school in Europe we are looking for an established male or female personality for a professorship in the field of internal auditing and management accounting. The professorship may be split in two part time assignments.

Candidates holding a PhD and a CPA, CMA or equivalent degree with *a significant international experience are invited to* apply by April 30, 1994 to the President of the University of St. Gallen, Prof. Dr Georges Fischer, Dufourstrasse 50, CH-9000 St. Gallen.

Development Position to £25k Oxfordshire

Very strong 7+ years Windows Development skills including SDK, DDK, MDK; 3-5 years experience Wang Imaging development skills including Wang VS and OPEN/Image; Visual Basic skills an advantage; 2+ years experience GUI design and usability analysis including walk-through testing skills; strong communication skills; must be fluent in English.

Apply in writing to ref: AKU/101 **Papirus Limited, 16b Ambrose Rise, Wheatley, Oxon OX33 1YF, England.**

(no agencies)

EMERGING MARKETS SEARCH & SELECTION

INVESTMENT ECONOMIST — LONDON

Our Client wishes to appoint an Economist, ideally with broad experience of the Emerging Markets, to join a successful, growing team within the Bank.

The appointee will be responsible for:

- Investment analysis of debt instruments.
- Macro economic analysis of fundamentals.
- Detecting arbitrage opportunities and anomalies in debt instruments.
- Producing research material and providing investment recommendations for distribution to investors.
- *Presenting investment advice to the Bank's clients.*

Candidates must be innovative, have at least three years relevant working experience, first rate written and oral communication skills, and a strong grounding in international economics. Knowledge of Brady and pre-Brady countries, whilst advantageous, is not essential.

Please send your CV in complete confidence to:

David Williams, Director
Emerging Markets Search and Selection
2/9 Masons Avenue London EC2V 5BT
A Division of Global Markets Recruitment Ltd
Tel 071 600 4744 Fax 071 600 4717

HILL SAMUEL

would like to speak to individuals with financial background/experience with a view to, after suitable training, selling our range of Investments and Estate Planning Services to both private and corporate clients.

Please write to or phone
Peter Stoner, District Manager,
29 Queen Anne's Gate,
London SW1H 9BU Tel: 071 799 2223

APPOINTMENTS ADVERTISING

Appears in the UK edition every Wednesday & Thursday and in the International edition every Friday. For information on advertising in this section please call:

Philip Wrigley on 071 873 3351
or Gareth Jones on 071 873 3779

INVESTMENT CONSULTANCY

OPPORTUNITY WITH A MARKET LEADER

Stamford Associates is a leading investment consultancy firm with an enviable clientele of UK pension funds and other institutional investors. We are seeking to recruit a consultant to cater for the continuing expansion of our business.

The successful applicant for the consultant position will be a graduate with at least five years previous experience of actuarial and investment consultancy. Strong analytical and quantitative skills are essential requirements combined with the highest standards of commitment to client service. An uncomplicated personality, high level of energy and the ability to communicate effectively are also essential.

For the appropriate candidate an attractive package, based on a generous salary, will be awarded. We offer a rare opportunity with superior career prospects.

Please apply in writing, stating current salary, to:

Mrs Wendy Mayall
Stamford Associates (UK) Limited
International House
1 St. Katharine's Way
London E1 9UN

STAMFORD ASSOCIATES (UK) LIMITED

IMPORTANTE ORGANISATION PROFESSIONNELLE EUROPEENNE

recherche pour son secrétariat à Bruxelles, employant une cinquantaine de personnes, un (m/f)

SECRETAIRE GENERAL

Profil : ■ âge : 35 à 45 ans ■ formation universitaire (droit-économie-agronomie) ■ bonne expérience des institutions et des politiques communautaires (notamment dans le domaine agricole et alimentaire) ■ maîtrise (écrite et orale) du français et de l'anglais et au moins une autre langue (allemand, italien, espagnol) ■ bon gestionnaire.

CV et lettre de motivation à faire parvenir - pour le 5 avril au plus tard - Bureau de poste Bruxelles 42/B.P. 70, 8 rue Belliard, B-1040 Bruxelles.

Pour tout renseignement, téléphoner au 32-2-287 27 28 (Bruxelles).

NEW BANKING OPERATION EMERGING MARKETS

As part of its overall strategy of international growth, this well respected and profitable Latin American bank is in the process of establishing a London branch. The London operation will be the centre of the bank's development in Europe, expanding its wholesale market trading and adding value to the financial engineering and risk management capabilities of the bank as a whole.

To effect start up we are now recruiting key individuals for the following positions.

Head of Treasury

You must have experience of developing FX, MM and off-balance sheet strategy. Broad exposure to all parts of the treasury function is necessary. Capable of building a dynamic treasury function, you must be a team player who will contribute substantially to overall trading profitability.

Ref: 3382/T

Senior FX Trader

An experienced dealer with at least five years' FX experience in US$/£, US$/DEM and US$/SF, you will be a technical trader used to working within a tight stop-loss policy. You must be capable of making significant input to the bank's trading strategy.

Ref: 3382/F

Senior Bond Trader

A self-motivated graduate with in-depth Eurobond experience, including CD's and short term ECP's, you must be able to propose and manage an interest rate hedging strategy.

Ref: 3382/B

Head of Operations and Accounting

You should be a graduate ACA with several years' accounting, settlement and systems experience. You must be used to working in a highly automated environment, with a bias towards treasury and capital market activities. Team management ability is mandatory.

Ref: 3382/O

IT Systems and Support

With at least two years' network administration experience (Novell/Ethernet) in a UNIX environment, you will also have experience of running a commercial installation and knowledge of at least one PC development tool. Experience of dealing with suppliers is essential. Knowledge of Reuters and dealing room technology would be helpful.

Ref: 3382/I

Senior Settlements Clerk

You will have solid FX, MM and off-balance sheet settlements experience, using highly automated systems and including Swift and Euroclear. Supporting the Operations Manager, you must be able to work closely with the dealing room.

Ref: 3382/S

Other back office and support positions will also be available.

Ref: 3382/G

Suitable candidates must have international banking experience, be team players and interested in emerging markets. Salaries are negotiable, according to relevant experience and in line with appropriate market levels. In addition, the usual banking benefits will be offered.

Interested candidates should send an up to date CV, including daytime telephone number and current remuneration details, quoting the appropriate reference, to Sue Atkinson, at Touche Ross Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP.

Touche Ross
Deloitte Touche Tohmatsu International

MANAGEMENT CONSULTANTS

GENERAL MANAGER

INTERNATIONAL BANKER

INTERNATIONAL FINANCIAL SERVICES CENTRE

DUBLIN

Our client, the financial services arm of a major blue chip multinational firm has retained MERC Partners to recruit a General Manager for one of it's operations in the Dublin International Financial Services Centre.

Reporting to the Chief Executive, the General Manager will be responsible for the overall conduct of the institution's business within established guidelines. The person appointed will be a member of the Asset and Liability Committee and the Credit Committee.

The successful candidate will be an experienced international banker with demonstrated skills in credit and marketing together with leadership, communication and administrative abilities. Direct experience in the management of credit, interest rate and foreign exchange risks is essential. A working knowledge of treasury/liquidity management in European financial markets and of loan and derivative products documentation is required.

The person appointed is unlikely to be less than 45 years of age. The position which is a challenging one, will offer an attractive salary and benefits package.

Please write - in strict confidence - enclosing a curriculum vitae and quoting reference number 94324 to:

Brian G Ward
MERC Partners
Number Twelve
Richview Office Park
Clonskeagh
Dublin 14
Fax: 010-353-1-283 0550

NSAI

Recruitment & Human Resource Consultants

merc PARTNERS

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

For information on advertising in this section please call Gareth Jones on 071 873 3779 Andrew Skarzynski on 071 873 4054

MOORGATE · INVESTMENT · MANAGEMENT · LIMITED

Trainee Investment Manager

An opportunity exists for a trainee investment manager within Moorgate Investment Management Limited.

Candidates should:

- be graduates aged early to mid 20's
- be numerate, with the ability to communicate effectively both verbally and in writing
- have the ability to work as part of a small, highly focused and experienced team in an expanding and highly regarded organisation

The position offers a highly competitive remuneration package as well as the opportunity to use your initiative and to gain experience in UK smaller companies fund management.

Moorgate Investment Management Limited is one of the UK's leading independent investment houses specialising in investment in UK smaller quoted companies and manages assets in excess of £250m.

Please send full curriculum vitae together with details of current remuneration package to Anthony Simonian, Managing Director, Moorgate Investment Management Limited, 49 Hay's Mews, London W1X 7RT.

---

24 HOUR DEALING

Effex International is a personal and dynamic FX trading and currency management facility that combines highly competitive and effective trading with speed and personal attention to detail. Effex, linked to the world's major dealing rooms by open telephone and facsimile lines; supported by the best research and technological back-up, and staffed by the most talented FX people in the business. Effex, providing an exceptional service.

effex

London · Oslo · Stockholm

effex

To expand our highly successful team, we require:

2 Senior Foreign Exchange Dealers

Background: proven top performer in the major bank interbank market, well educated, responsible, positive, dynamic – ***Age:*** 30-40 – ***Position:*** working directly with the Managing Director to play a key part in the Company's development – ***Rewards:*** these are major appointments and the remuneration will reflect this fact.

PR Manager

Background: skilled agency/client internal and external PR/marketing professional, well educated, good communicator, responsible, positive, ability to copywrite – ***Age:*** 28-35 – ***Position:*** working directly with the Managing Director and the Advertising Agency to develop the Company's internal and external profile – ***Rewards:*** c £23,000.

In the first instance, please write to:
Managing Director, Effex International Investment Limited, Burghly House, 28 Tavistock Street, London WC2E 7PH.
Telephone: 071-240 3639 Fax: 071-240 3601

CONTROL ASSOCIATES

Management Consultants Serving The Financial Community

FUTURES AND GLOBAL CUSTODY OPERATIONS

London Management Consultancy seeks experienced professionals with expertise in the following areas, for work in temporary consulting assignments;

Futures and Options:-

Back office Futures processing ● Reconciliation and analysis of LIFFE traded products ● Reconciliation and analysis of Far Eastern, including Japanese Currency Futures ● Qualified Accountants with technical understanding of Futures ● Options revaluation.

Global Custody :-

UK & International Settlements ● Dividends ● Corporate Actions ● Cash & Asset Reconciliation ● Portfolio Accounting.

Interested applicants, please contact Control Associates (UK) Limited on 071 929 5252 or alternatively send your Curriculum Vitae to us at our address:

Guild House, 36-38 Fenchurch Street,
London EC3M 3DQ
Or Fax us in confidence on 071 283 4466.

UK EQUITIES

Young experienced Market Makers required to join an entrepreneurial medium sized integrated securities house.

Reply with full C.V. in strict confidence to David Miller, quoting reference DM/ILYC.

Miller Leake ADVERTISING

11 Garrick Street, Covent Garden,
London WC2E 9AR
Telephone: 071-240 6822 Facsimile: 071-240 6844

APPOINTMENTS WANTED

ENTREPRENEURIAL YOUNG SCOTT

college educated/computer literate and currently working in the financial sector, with two years experience, seeks employment in the stockbroking/fund management industry.

Apply to Box: B2380, Financial Times, One Southwark Bridge, London SE1 9HL.

ITALIAN MANAGING DIRECTOR
(35 years old)

.... currently working for a manufacturing company with operations in Europe, Middle/Far East, South America and South Africa and a network of distributors/agents covering the rest of the world seeks challenging role in London/South East.

International experience gained in retail and leisure, besides manufacturing. Fluent Italian/English, good French, basic Spanish and German.

Write to Box B2313, Financial Times, One Southwark Bridge, London SE1 9HL.

CORPORATE FINANCE EXECUTIVES

"A partnership for success"

September 1993 marked the beginning of a partnership between Charterhouse, CCF and BHF-BANK that created an investment banking business centred on Europe but with operations throughout the world.

The opportunities for business arising from the combination of three leading European financial institutions are substantial. The partnership views the whole of Europe as its domestic market, whilst each member of the partnership is able to preserve its own independence and character in its home market.

Our corporate Finance Department advises a rapidly increasing number of companies in the UK and overseas and, as a result, we are seeking additional executives who satisfy at least one of the following criteria:

- Recently qualified accountants or lawyers with commercial experience
- MBA graduates with previous financial experience
- Graduates with 2/3 years experience within corporate/investment banking

Proficiency in French and/or German, whilst not essential, would be an advantage. Equally important is the potential to progress in parallel with the business. Remuneration will not be a limiting factor in attracting the right candidates.

If you want to be part of this partnership then write enclosing a CV detailing current compensation to Keith Robinson, Charterhouse Bank Limited, 1 Paternoster Row, St Paul's, London EC4M 7DH.

CHARTERHOUSE

Charterhouse Bank Limited, 1 Paternoster Row, St Paul's, London EC4M 7DH.
Charterhouse Bank Limited is a Member of The Securities and Futures Authority.

DC GARDNER

requires talented and creative FINANCE PROFESSIONALS seeking a POSITIVE CHANGE OF DIRECTION as CONSULTANT-TRAINERS in INVESTMENT BANKING, TREASURY and RISK MANAGEMENT.

(City based with frequent international travel)

Capitalising on its recent merger with the world leader in public financial training services, DC GARDNER is now spearheading the growth of its highly successful bespoke consultancy and training service to the international financial community.

REQUIREMENTS

* In-depth front-office experience of the main international capital market and treasury products, including derivatives.
* The personal credibility, energy and enthusiasm to communicate technical know-how to clients in an authoritative and professional manner.
* The intellect and sensitivity to conceptualise, create and deliver highly structured training programmes to audiences of varying backgrounds and levels of expertise.

These positions are likely to appeal to self-motivated finance professionals wishing to embark on a POSITIVE CAREER CHANGE in order to capitalise on their previous market experience. They must demonstrate a high degree of self-reliance and strong business sense, a keen commitment to research and development and the personality to motivate and influence others.

International experience, foreign languages and an enthusiasm for overseas assignments are of particular value, as is the ability to think laterally and prioritise in the face of tight deadlines.

The ideal candidate is unlikely to be under 30 years of age but professional credibility and excellent presentation skills will be the deciding factor for appointment.

The total compensation package on offer will include an attractive salary, performance-related-bonuses, and private health insurance.

Please reply in the first instance to: Nicky Message, DC GARDNER, Nestor House, Playhouse Yard, London EC4V 5EX.

A Division of Euromoney Publications Plc.

PROJECT DEVELOPMENT ASSOCIATE

With around $11.5 billion in assets Enron Corp is one of the world's largest integrated natural gas companies and is a leader in gas fired power generation. Enron Development Corp. is the division responsible for developing new power and gas infrastructure projects outside of North America.

The company is seeking a Project Development Associate to assist in the development of large scale projects in Europe and the Middle East. Based in London, reporting to the Managing Director, the Associate will help analyse project feasibility, and help structure technical, commercial and financing aspects of projects. Particular emphasis will be placed on developing economic models (lotus spreadsheet based), which requires working knowledgeably with experts from engineering tax, finance and other speciality areas. The position will lead to expansive career opportunities.

A highly motivated, self starter, the successful candidate is likely to possess an Engineering and/or Business degree with a minimum of 2 to 3 years experience in finance or industry.

Enron offers a progressive salary and flexible benefits package which includes pension, medical and dental cover and a share ownership plan. Interested parties should send a detailed CV with current salary to Human Resources, Enron Development Corp., 34 Park Street, London W1Y 3LE.

ENRON Development Corp.*

* Incorporated in the U.S.A. with Limited Liability

SENIOR CUSTOMER ACCOUNT MANAGER

European Sales Headquarters **Brussels**

The Regional Headquarters was established last year to co-ordinate this Group's sales throughout Europe. A Senior Customer Account Manager is required to take charge of all credit risk assessment and administration for the customer base which includes substantial national companies and multinational groups of companies spread across Europe.

The ideal candidate will have the communication skills to deal with senior management in the company's subsidiaries and to be able to negotiate with the larger customers and financial institutions. The successful candidate will be a motivated self-starter who will be capable of working in a team environment.

The candidate will head the department responsible for monitoring the collections of over 3,000 invoices per month from some 500 customers spread throughout Europe.

The credibility to establish a discipline of credit management procedures and the experience of risk assessment of large international companies and groups are essential.

This is a senior management post and the successful candidate is unlikely to have the required experience and credibility with less than 7 years relevant experience, either in a similar commercial environment or as a senior loan officer in an international bank.

Fluency in English and French is essential with other European languages being advantageous.

The company is offering a competitive package and a challenging career for the right candidate.

Please send CV and current remuneration details to the attention of *I. Allan, Box 2317, Financial Times, One Southwark Bridge, London SE1 9HL.*

FIXED-INCOME DERIVATIVES

A major international securities house, headquartered in London, is looking for derivative specialists to fill Sales positions. We seek a specialist with a minimum of 2 years experience in the bond markets and a demonstrated record of success in European markets. The ideal candidates should have a thorough understanding of options theory and have strong communications skills. Fluency in at least one European language is highly preferred.

Write to Box B2383, Financial Times, One Southwark Bridge, London SE1 9HL

Young, dynamic, City-based private client brokerage seeks intelligent investment analyst to join its expanding research team. Candidates should be degree qualified and have at least two years experience in a UK equity analysis role. Salary Neg.

Applicants should send CV and covering letter to:

Chris Barnes,
Financial Management International, Axe & Bottle Court, Newcomen Street, London SE1 1YT.
Tel. 071 403 3212

ANALYST

Business Systems Group are a leading I.T. Solutions Provider within the M25. We are expanding our successful Trading Systems Division to further enhance our Analytical and Consultancy Service. We need two analysts immediately.

Ideally you are aged between 22 &40, you have a sound knowledge of the Financial Trading Market - Equities, FOREX or Derivatives/Futures.

In the first instance write enclosing full C.V. to:

Mike Reaney,
Business Systems Group,
94 White Lion Street,
London N1 9PF

or phone him for further details on 071 278 8888

BSG

Treasurer

A demanding financial services appointment

To £50,000 + Bonus + Quality Car **Yorkshire**

Our client is a highly-successful 'top 250' financial services plc with growing interests in consumer finance and insurance.

As a result of internal promotion a Treasurer is now to be appointed to take control of the treasury function. The principal elements of this job are the development and management of diversified banking and funding arrangements, the implementation of appropriate risk management strategies to minimise interest costs, and the development of investment strategies for the insurance funds.

The successful candidate will be an experienced treasury professional, a graduate, probably with a further qualification in treasury or accounting, and have wide experience of arranging and managing large borrowing facilities to minimise interest costs. Detailed knowledge of the banking and derivatives markets and fixed interest management is essential.

This is a key appointment within the group, reporting to the Group Finance Director, and success requires an ability to negotiate effectively with the group's bankers and advisers, and to present treasury issues clearly and effectively within the senior management team.

An attractive salary will be supplemented by a benefits package which will include bonus opportunities and a fully-expensed car. Assistance will be given with relocation, where appropriate. Further career opportunities are excellent.

If you wish to be considered for this appointment, please write - in confidence - enclosing a CV and details of current remuneration to Douglas Austin, Ref: A22D08, MSL International Limited, 32 Aybrook Street, London W1M 3JL.

MSL International
CONSULTANTS IN SEARCH AND SELECTION

Head of Audit

To £60,000 + Car **Major British plc**

This major British industrial group is a household name, whose extensive network of production and distribution businesses spans the globe. By an emphasis on quality, customer service and investment in the latest technology, our client has in recent years become a world sector leader.

Audit is a high profile function within the group and is well backed at Board level. Following the promotion of the present Head of Audit who will be taking up a senior international line financial management position, a top-flight successor is now being sought. Reporting to the main board Finance Director, the successful candidate will manage some forty staff through five regional managers and a computer audit manager.

The brief will be to develop audit strategy, manage a budget of £1.4m and maintain a high quality operational audit approach. Additionally, it will entail personal involvement in investigations of a particularly sensitive or complex nature and the management of change in an evolving audit function.

Candidates should be chartered accountants with a minimum of five years' post qualification audit experience ideally gained in a major corporate environment. Additional experience in line finance would be an advantage. The successful applicant will be someone with maturity, vision and strategic commercial awareness, able to lead and motivate a large team and communicate at the highest level with tact and authority.

This is a demanding appointment requiring regular travel in the UK and internationally. It brings with it the opportunity for career development into more senior roles within the group. It also carries a negotiable remuneration package including bonus, and a prestige car. The Group will be flexible as to location; you may choose to work from the London HQ or from one of a number of regional centres around the UK.

To apply please write with full CV and current salary package to Paul Carvosso, Ref: A54D09, MSL International Limited, 32 Aybrook Street, London W1M 3JL.

MSL International
CONSULTANTS IN SEARCH AND SELECTION

CAYMAN ISLANDS GOVERNMENT

The Cayman Islands Public Service Commission invites applicants for the position of:

ACCOUNTANT GENERAL

The successful applicant will be the head of the Treasury Department of the Cayman Islands Government and the principal accounting advisor to the Financial Secretary. Responsibilities will include the compilation and supervision of the Government's accounts, the management of accounting operations and procedures, and ensuring that regulations, directions and instructions provided for under the Public Finance and Audit Law, in respect of the safe custody and accounting of public funds, are complied with.

The successful candidate will possess excellent proven managerial and interpersonal skills, a full professional Accounting qualification and have at least seven years of relevant senior management experience in Public Accounting.

The appointment is on contract for two years in the first instance with an option to seek renewal. The tax free salary is in the range CI$ 52,000-59,000 per annum (CI$ 1 = US$ 1.20). Benefits include air passages, free medical care and a baggage allowance.

Application form and further information is available from: The Cayman Islands Government Office, Trevor House, 100 Brompton Road, London SW3 1EX, Tel: 071 823 7613. Closing date for receipt of applications is 8 April 1994

NOKIA

TELECOMMUNICATIONS

UK CONTROLLER

Substantial Package - Huntingdon

THE COMPANY You will have the opportunity to join the fast expanding telecoms division of a world leader in the development and application of digital technology to switching, transmission, and cellular systems.

THE ROLE Based at Huntingdon, you will work closely with UK and Finnish senior management, contributing proactively to the continuing rapid growth of the UK entity.

THE REQUIREMENT First degree plus ACA, or ACMA. Progressive track record in a manufacturing environment followed by controllership duties in a multi-national company. You will be at home in a competence based, non-hierarchical culture. You will display the maturity, resilience and enthusiasm to fit quickly into a fast moving management team.

Boyden International Limited
24 Queen Anne's Gate
London SW1H 9AA
071 222 9033

Send CV in first instance quoting ref: 94/120

FINANCIAL PLANNING DIRECTOR

Surrey

to £50k + Car + Extensive Benefits

This organisation has clearly established itself amongst the market leaders in the marketing and distribution of a range of well known branded products in the healthcare sector. A clearly defined strategy is now in place to further compound on it's successes gained to date by the appointment of a talented finance professional who can contribute to and drive its European expansion plans from a mature customer base to those markets that are characterised by the potential for high levels of growth and profitability.

Specifically you will:

- Create and innovate ways in which finance can provide a more proactive input to the growth and development of the business.
- Appraise the financial and commercial performance of operations by developing and implementing sophisticated controls and procedures.
- Cultivate strong working relationships with senior group management in order to facilitate an interactive flow of ideas and initiatives.
- Manage and promote a financially based strategic planning process across all functions of the business.

The successful candidate will be an outstanding graduate accountant aged late 20s to early 30s who can demonstrate a significant record of achievement. A strong preference will be shown to those applicants who have worked in an International FMCG environment characterised by a strong U.S. culture.

You must be able to negotiate with executives at the highest level, display superior interpersonal qualities and be seeking a fast track career opportunity that will offer first rate exposure in a truly international business environment .

*Interested candidates should write to **Mark Rowley** or **Charles Austin**, enclosing a full Curriculum Vitae and quoting reference MR455.*

HARRISON WILLIS
SEARCH AND SELECTION PARTNERSHIP
39-40 Albemarle St., London W1X 3FD. Tel: 071-629 4463
LONDON • READING • GUILDFORD • ST ALBANS • BRISTOL • BIRMINGHAM

West London *c.£50,000 + Car*

HEAD OF COMPUTER AUDIT

This is arguably the most challenging computer audit opportunity in the UK today. Our client is a world-renowned organisation, synonymous with quality, and an integral part of British life. They operate as a highly complex and numerous group of business units, served by central and local support functions. Operating in one of the world's most rapidly changing industries, our client is undergoing a fundamental re-appraisal of its entire organisation.

Central to this is the establishment of a high calibre, commercial audit team, reporting directly to the main board. This is a new role created not only to ensure that the highest standards of corporate governance are applied to the business and information systems that underpin our client's activities, but also to provide pertinent advice to a range of systems development teams regarding security and risk management. The role carries a high degree of autonomy: the Head of Computer Audit will need to define and prioritise quickly the key issues affecting the business and put in place a team capable of resolving these issues.

Candidates will probably be fully qualified accountants with an established track record encompassing significant computer audit experience. Ideally, they will be 'big 6' trained and currently hold a 'number 2' role within a 'blue chip' environment. Evidence of producing results not merely recommendations is of paramount importance as is the ability to provide incisive commercial input at board level.

This is truly an exceptional opportunity to create a world class computer audit function within one of the UK's most prestigious organisations.

To apply for this role, please forward your CV, quoting reference number 9102, to advising consultants, Goodman Graham & Associates, 8 Beaumont Gate, Shenley Hill, Radlett, Herts WD7 7AR. Fax: 0923 854791.

GOODMAN GRAHAM
AND ASSOCIATES
A GOODMAN LURIE company

The National & International Agenda...

"Each day brings new challenges and new problems. It is hard to conceive of a career which better couples the stimulation of working closely with Ministers on matters of national importance, with significant demands for intellectual and management skills."

...as well as the bottom line

Join us as a Fast-Stream Accountant and your financial skills are just a beginning ...

Working for today's Civil Service offers a breadth of opportunity and involvement.

Your accountancy qualifications and impressive track record are just the start. You'll certainly be recognised as someone who can lead and motivate a team, deliver objectives and juggle varied responsibilities.

You'll also have the resilience, communication skills and powers of analysis necessary to initiate change and advise on matters of national and international importance against a background of shifting priorities and stringent budget criteria.

Our selection processes are rigorous and demanding, but the rewards will be considerable. Starting salaries in Central London will be in the range £28,841 - £37,795, and outside London in the range £24,785 - £34,469. Annual increases are linked to performance, and there are prospects to £57,612 and beyond.

If you are a member of one the CCAB bodies, with at least two years' post-qualification experience, please write for further details and an application form to **Recruitment & Assessment Services**, *Alencon Link, Basingstoke, Hants RG21 1JB or* telephone 0256 468551. Applications must be returned by 19th April 1994. Please quote reference A/94/1070/FT.

The Civil Service is an equal opportunity employer and is fully committed to equal opportunity policies.

fast|stream *entry*

RAS

Professional support for investigation work

Salary range £27,750 - £32,400 **London area**

One objective of the Inland Revenue's current reorganisation of the London Region is to provide high-quality accountancy support for Inspectors and other staff engaged in investigating the tax affairs of businesses and individuals.

In an area based on London and bounded by the M25, this support will be provided by a dedicated Compliance Support Unit consisting of six experienced Inland Revenue staff and an accountant. The Unit will support the largest of the Inland Revenue's regional operations, comprising 127 local offices and 5800 staff.

As the Unit's Accountant, you would provide professional, technical advice and support on a wide range of cases, sometimes involving the on-site examination of financial and other records. An equally important part of your contribution would be to define accountancy training needs for Inland Revenue staff, and to deliver *the appropriate training programmes.*

The most important requirement is full qualification as a Chartered or Certified Accountant, with a recent Practising Certificate. Your experience should be in audit work and the preparation of accounts for medium to large enterprises, both limited companies and partnerships. Experience of tax work is not essential.

In the three years for which your contract would run, you would make a significant contribution to the effectiveness of one of the Inland Revenue's most important operations – and enhance your own professional experience.

For further details and an application form (to be returned by 14th April 1994), please write to **Recruitment & Assessment Services,** Alencon Link, Basingstoke, Hampshire RG21 1JB or telephone Basingstoke (0256) 468551 or fax (0256) 846374. Please quote ref: B/2097.

Inland Revenue *The Inland Revenue is an equal opportunity employer*

RAS

CFA
CHRYSSAPHES FLAMMIGER ASSOCIATES
SPECIALISTS IN SEARCH & SELECTION FOR FINANCE MANAGEMENT

"Commercial" Graduates/MBAs/ACAs - Business Planning/Acquisitions

Business Development Executive

Aged c.27-32 *£40-50,000 + Bonus + Car* *London*

Our Client is one of the UK's major service sector groups and a leader in its field.

Anticipated future growth and development activity has created a need for an exceptional individual to join its small headquarters Business Development function, providing support over a wide range of issues to the Chief Executive and his *executive team.*

Broad involvement will cover: *review and implementation of* acquisitions/divestments; working with divisions to develop business unit strategies; new business development; evaluating key operational business issues; external benchmarking; strategic planning; financial modelling; post-audit of capital expenditure; and ad hoc projects.

You will be a "commercially minded" graduate, MBA or qualified accountant with previous relevant experience. Preferably you will have had exposure to the consumer goods or service sector which might have been gained, for example, through business/financial analysis, business development, corporate finance or strategic planning/consulting. You will be *pragmatic and operationally orientated*, possessing good inter-personal and presentation abilities, and highly computer literate with strong analytical skills.

You should write enclosing a resume together with current remuneration details and daytime/evening telephone contact numbers, quoting reference 403/B *on both envelope and letter, to the address below:*

Chryssaphes Flammiger Associates, Bechtel House, 245 Hammersmith Road, London W6 8DP.

Group Finance Director

Central London **Neg. to £40,000 + Car + Benefits**

Our client is a leading multi-site service operations company which has enjoyed substantial growth and is well positioned for further development. It is now seeking to appoint an experienced Group Finance Director to strengthen it's Head Office management team.

Reporting to the Managing Director you will be responsible for the complete control of the financial and management accounting functions, treasury and I.T. operations and act as the Company Secretary. You will also have a key role as part of the business development team.

Aged ideally between 30 and 45 you will be a Qualified Accountant and must be able to demonstrate a highly successful track record gained in a fast moving, cash generating business. Sound judgement, strong decisive leadership and excellent interpersonal and computer numeracy skills are essential.

Candidates who meet these demanding criteria should send a detailed CV including current salary, in confidence, quoting reference D710 to **Don Day FCA** at the address below.

RAINBOW
EXECUTIVE SEARCH & SELECTION

Rainbow House · 12 South Molton Street London W1Y 1DF

performance like ours needs control

LIFE ASSURANCE ACCOUNTING MANAGER

Shropshire To £[illegible] plus expensed car plus benefits

In just two years Windsor Life's managed assets have increased from £150 million to over £1 billion and today we're building a reputation as one of the most successful and progressive forces in the life assurance industry.

We've achieved this dramatic expansion through an ambitious acquisition and mergers programme, combined with an innovative and entrepreneurial approach to generate sustained organic growth.

Effective management is clearly vital to our continued success. As a result we have now created this new, senior role for a high calibre specialist to manage and develop our assurance accounting operation.

With financial reporting responsibility direct to the Board, you will have scope to utilise your own ideas and expertise, providing a comprehensive accounting service which covers both Unit Linked and With Profits business. This is a wide ranging role with overall responsibility for all Life Accounting operations including Investment and Treasury.

You should be a qualified accountant with at least 5 years' experience of life assurance accounting and proven people management skills. Confident, creative and systems literate, you should also be capable of developing and leading a professional team and influencing business thinking at all levels.

Windsor is part of New York Life which has assets in excess of £55 billion and a strategy of international expansion. We can offer you a high profile and excellent career prospects. The benefits will fully reflect the importance we attach to this role and include a generous relocation package.

For an informal discussion please telephone our Consultant Ed Larder at Riley Advertising on 021-702 2244.

Alternatively send a comprehensive CV to: Paul O'Brien, Human Resources Manager, Windsor Life Assurance Co. Ltd., Windsor House, Telford Centre, Telford, TF3 4NB.

Windsor
LIFE ASSURANCE

ACCOUNTANT

London branch of a U.S. bank seeks an experienced accountant, age 30 plus, for a new unit specialising in commercial loan servicing/administration based in the City. Responsibilities will include loan accounting, systems management, and financial reporting.

The candidate should be very computer literate (IBIS and PC based spread sheets) and be skilled in cash flow analysis. Experience in loan servicing, consulting and loan portfolio due diligence will also be advantageous.

Salary £26-29k and banking benefits package will be available.

Please send CV to:
Box B2314, Financial Times, One Southwark Bridge, London SE1 9HL.

ACCOUNTANCY COLUMN

Business school winner fails SEC test

Richard Waters on why the wider use of restructuring charges in the US is meeting opposition

What is the difference between restructuring a company, and investing to make it more competitive in the future? What exactly is "business process re-engineering", the latest faddish idea to sweep out of the business schools and take hold of corporate America?

For accountants in the US these days, and for investors grappling with the financial statements of some of the country's biggest companies, these questions are of more than academic interest.

They are also likely to become of far greater importance elsewhere around the world in the years to come, as other major economies follow the US out of recession.

Substantial restructuring charges have been taken by many big US companies in recent months. They reflect a clearing of the corporate decks, as companies position themselves for a new period of growth. Such charges, often running into billions of dollars, also serve a useful accounting purpose.

By reporting the charges now, in some cases wiping out current period earnings altogether, companies are able to bring forward costs which they may not actually incur for several years to come. The effect: to produce a more flattering profits trend in future.

It is an issue which has vaulted to the top of the list of concerns of accounting regulators in the US. The Securities and Exchange Commission, which for months has been murmuring its disquiet about the fashion for big restructuring charges, wrote last month to around 60 companies which had reported such items. The regulatory body warned that it will scrutinise these charges carefully when the companies file their next annual 10-K reports.

The SEC clearly feels the whole process is open to abuse. "It looks as if some companies are including in the restructuring charges the costs of ordinary operations – for example advertising, legal settlements and the like," says Mr Walter Schuetze, the agency's chief accountant.

"It may be some of these are ordinary, on-going, necessary, day-to-day costs."

Borden, a troubled foods group, this week became the first public target of the SEC's new assault on the area. Bowing to pressure from the regulators, it said it had reversed $265m of a 1992 restructuring charge. Part of these costs were reclassified as normal business costs in 1992, part were carried over into 1993.

Prodded by the SEC, the Financial Accounting Standards Board has also put the subject on the agenda for its Emerging Issues Task Force. This body was due to consider the matter at its meeting today.

Finding an answer will not be easy. There is general agreement that some future costs should be recorded at once; if an asset's value has been impaired, for instance, or if a company faces a clear liability in future. But where do you draw the line? The main accounting literature governing this area, contained in FAS 5 on accounting for contingencies, offers scant help. This states that costs should be booked at once if they are "probable" and "reasonably estimable".

How far should this principle be stretched? On the strictest interpretation, even the costs of a big redundancy programme would not meet this test, says Mr Michael Conway, head of the professional practice department at KPMG Peat Marwick. Yet the expected costs of laying off workers, in some cases as part of a process stretching three years or more into the future, are a common feature of many restructuring charges.

Other costs that increasingly appear under the general heading of restructuring charges look still more questionable. Costs associated with repositioning a product or retraining workers are becoming more common, says Mr Conway.

Auditors, with little clear guidance to fall back on, are understandably concerned. How can they resist a particular company's proposed accounting treatment, particularly if clients of other audit firms have already adopted it?

Restructuring costs generally fall into two types. In the first, a struggling company changes its senior management. The new chief executive moves quickly to shake up the organisation, selling off underperforming businesses, cutting costs and laying off workers, reorganising the businesses that are left. The company takes a big restructuring charge to cover the costs of the whole process.

The biggest example of this last year was IBM's $8.9bn charge to cover one of the US's biggest-ever corporate restructurings. IBM – which stated it was not among the companies to receive a letter from the SEC, "to the best of our knowledge" – said $6bn of the cost was to cover reductions in its workforce, while the rest was to meet reductions in manufacturing capacity and excess space.

In the second type of restructuring, an existing management team decides it needs to act radically to make itself more competitive. This usually happens in a mature, low-growth industry – banking, say, or the provision of telephone services. The company rethinks how it carries out its most basic activities, in the process simplifying its business processes and eliminating layers of management, an approach which these days goes under the all-embracing term "re-engineering".

Should these costs also be grouped under the general heading of restructuring charges? The issue clearly causes concern in some quarters. "I don't know what re-engineering means – it's a fashionable concept," said Mr Schuetze at the SEC.

Recent charges taken by three US "Baby Bells" (regional telephone companies) illustrate the dilemma. Between them, Nynex, Pacific Telesis and Bell South reported charges totalling nearly $3bn for the fourth quarter of last year.

Pacific Telesis said its $576m of charges reflected an intention to cut 10,000 jobs over the next three years, and what it called "process re-engineering", though it gave little detail.

Nynex, based in New York, said that $400m of its $1.6bn of charges was earmarked to cover costs associated with the company's "efforts to fundamentally re-engineer the way it delivers services to its customers, including operation by its telephone companies as a single enterprise under the 'Nynex' brand". Amongst other things, the company said its charges would meet the costs of "retraining employees, relocation expenses [and] systems re-engineering".

Included in Bell South's $1.2bn of charges were similar-sounding costs. Some $550m of the cost "is related to implementing new, state-of-art systems", it said. Announcing the charges, Mr John Clendenin, chairman and chief executive, was quoted in a press release issued by the company as saying: "We're changing the way we do business. We're speeding up our service efforts, investing in new systems, and just making it easier for our customers to deal with us."

Can these really be termed restructuring charges? The pace of technological change means that many companies face bigger and more frequent spending on new equipment, shorter product cycles and constant organisational upheaval.

How long will it be before accountants find a better way for companies' accounts to reflect this new business reality?

ASSISTANT TREASURER

DALLAS TEXAS **AGE 30-40** **c$80,000 + BONUS + RELOCATION ASSISTANCE**

This Fortune 500 company is a global supplier of computer equipment, service and solutions. With operations throughout North and South America and the Middle East, it is a recognised industry leader.

Working as a part of the senior management team reporting to the Head of Treasury, this role is key to the successful development of the group.

The role will require the maintenance of close working relationships with treasurers and finance directors of subsidiary companies.

Key responsibilities include:-

- development of financial strategies and policies to meet corporate objectives and regulatory requirements
- cash management and administration (receipt, custody, control and transfer of funds for disbursement)
- hands-on participation involving banking relations, stock and investor relations, reorganisations and acquisitions.

The successful candidate will have developed this expertise within a sophisticated corporate treasury environment.

This is an urgent requirement; suitable applicants should be available for interview in London or Dallas at very short notice.

Interested applicants should contact **Richard Parnell or Caroline Stockdale today on 071-379 3333 (fax 071-915 8714) or write enclosing brief details to Robert Walters Associates, 25 Bedford Street, London WC2E 9HP.**

ROBERT WALTERS ASSOCIATES

Finance Manager

Slovakia

Excellent Package

The Company
This multinational food industry client is one of the leading European organisations of its kind. They have an international reputation for quality, reliability and innovation in the production of its ubiquitous goods. They are determined to forge this reputation onto its extensive central and eastern European acquisitions. Significant progress has already been made. This division employs 140 staff, producing one hundred tons of product daily.

The Role
You will be responsible for the overall financial strategy and accounting management of the company. Working closely with the managing director, you will be expected to build performance, efficiency and effectiveness of this business unit. Specifically, you will manage and supervise the production and maintenance of the local accounts, tax administration and payroll. Budgeting and investment decisions together with cash flow control are crucial aspects of the job. You will be expected to direct the production of timely accounting reports and management information to the head office in Europe.

The Person
Above all, the individual needs to be a well rounded financial manager rather than an accounting specialist. You will need at least two to three years experience of financial and management accounting in a Western organisation. High levels of energy and motivation coupled with a strong character and a tenacious approach are requisites for effective impact in this environment. Slovak language ability is a definite advantage.

Please send a full resumé with covering letter to the address/fax below quoting reference FT2234 on all correspondence. Applications will be treated in the strictest confidence.

ANTAL INTERNATIONAL
Executive Recruitment
Riverbank House • Putney Bridge Approach • London SW6 3JD
Tel: +44 (0) 71 371 9191 • Fax: +44 (0) 731 8160 (24 hrs)

FOUR SQUARE · Mars

High Calibre, Ambitious Accountants

MARS GROUP – DRINKS DIVISION

c£35,000 + Benefits ***Basingstoke, Hampshire***

The Drinks Division of the international Mars organisation has two exceptional opportunities for ambitious, high calibre accountants with around two years post qualification experience. The Division is responsible for manufacturing, marketing and sales of drinks and drink systems across Europe and the Far East, and has achieved a high degree of success through innovation.

Throughout Mars, financial management is seen as a front-line contributor to business performance and accountants thrive within the organisation through generating new ideas and putting them into practice. Many go on to hold senior management roles across all divisions within our worldwide business.

The opportunities arise from business expansion and internal development. Both roles have a strong orientation towards Sales & Marketing but also interface extensively with other business functions offering a wide range of responsibility. They will also play an integral role in supporting the development and execution of sales strategy.

You should be a fully qualified accountant with experience gained within a blue chip commercial organisation. An effective communicator, you will have the drive to enthuse and motivate colleagues across all areas of the business as well as the personal credibility to influence senior decision makers. A second European language would be beneficial.

The salary package includes a comprehensive range of non-contributory benefits including pension, life assurance, medical cover and if appropriate, assistance with relocation.

To apply, please call the consultants advising on this appointment, **Suzanne Swycher** or **Lindsay Dell** on **071-387 5400,** or ideally mail or fax your CV to them at **Financial Selection Services, Drayton House, Gordon Street, London WC1H 0AN. (Fax: 071-388 0857).**

Financial Analyst

Our client is a progressive multinational organisation with an extensive manufacturing operation in the UK.

The company is seeking to appoint an ambitious individual to provide analysis and day to day financial support for the manufacturing function.

The ideal candidate will be a Qualified Accountant, aged between 25-35 with a proven track record within a high volume manufacturing environment. Experience of MRP gained within a dynamic environment, combined with strong communication skills are a pre-requisite.

NIGEL LYNN ASSOCIATES
Accountancy Recruitment
25/27 Winchester Street Basingstoke Hants RG21 1EE.
☎ 0256 840108
1 Temple Chambers Temple Street Swindon Wiltshire SN1 1SQ.
☎ 0793 431221

£35,000 + Car
South East

LONDON VOLUNTARY SERVICE COUNCIL

LVSC

the main co-ordinating and support organisation for London's 30,000 voluntary and community organisations

ASSISTANT DIRECTOR FINANCE AND ADMINISTRATION

£22,656 - £26,205 inc LW

Quote Reference: DIR/51R

We need someone with good all round knowledge of financial matters; experience of: preparing management accounts, statutory accounts for audit, analysing financial data, budgeting and cash-flow management, making financial presentations to a variety of audiences, analysing and interpreting organisational policy, supervising the work of others; and an appreciation of the charitable sector and of the requirements of Charity Law with an imaginative flair for managing resources to satisfy both. As a member of our Directorate you will need to have an interest in the development of the overall policies of LVSC and work in such a way as to assist the Director carry out LVSC's policies and requirements.

LVSV as an Equal Opportunities Employer welcomes applications from all parts of the community particularly from groups that traditionally face discrimination or disadvantage.

The post is funded by the London Boroughs Grants Committee.

Closing date: 22 April 1994

For job description and application form contact:
The Personnel Officer, LVSC, 356 Holloway Road, London N7 6PA Tel: 071-700-8114

BRITISH VIRGIN ISLANDS

We have the following vacancy in our Toriola office

QUALIFIED ACCOUNTANT / CORPORATE ADMINISTRATOR

The position would best suit a qualified accountant (ACA/ACCA) with at least 3 years post-qualification experience.

The appointment will include responsibility for the management and training of our administration teams who cover both pre-incorporation and post-incorporation work. Applicants should be computer literate, be able to administer a growing portfolio of client cases, and have wide background knowledge of offshore financial administration which will enable them to communicate effectively with professional advisers and their clients.

The Advertiser is a major financial services group, with a network of Trust/Company *Management offices in various offshore centres. We offer an attractive remuneration* package which includes non-contributory pension and health schemes.

Applications, including a full C.V. should be addressed to:

Box B2311, Financial Times, One Southwark Bridge, London SE1 9HL

LOOKING FOR A BOARD LEVEL APPOINTMENT?

Do you already command at least a £50K package?
Are you a successful individual looking for your next step?
Would you like to gain confidential access to unadvertised opportunities?

If your response to all three is yes, then PMC is your next logical step. We work exclusively with a limited number of high calibre individuals with the aim of securing senior appointments in the UK and overseas.

Over the years we have provided the only results-driven service of its kind anywhere in the UK.

Fax your C.V. today with day time contact number, in confidence to 0262 678294 or telephone Ralph Clark on 0262 400153.

the PMC Group
Accessing opportunities at the highest level.

FINANCE DIRECTOR

Fast growing, international electronics firm seeks a strong manager with demonstrated, hands-on performance in forecasting, financing, cash and risk management, and accounting for a £10mm-£25mm company.

Post CV salary history and expectations to Box B2316, Financial Times, One Southwark Bridge, London SE1 9HL

FINANCE DIRECTOR

OPPORTUNITY TO CREATE AND DEVELOP THE FINANCIAL STRATEGY FOR A NEW HOUSING ASSOCIATION

SALARY RANGE C £37K-£42K PLUS CAR **MID BEDS**

This new Housing Association offers an exciting challenge to professionals wishing to be part of our development as a major provider of affordable rented housing in mid-Beds. With the full support of our existing tenants in some 3,000 homes, we are aiming to provide the highest quality social housing service for them and for our prospective tenants. We need staff with a commitment to excellence and the vision and enthusiasm to achieve our objectives.

The Financial Director will be an important member of our corporate management team, responsible for the planning and implementation of the Association's financial strategy to ensure that we maximise our opportunities for growth and maintain our objectives on service delivery. Key areas of the job will include high-level advice on funding for new schemes, the achievement of financial targets, the effective implementation of IT systems for the whole Association and management of a small team.

Candidates should be qualified accountants with several years' experience at a senior level.

A relocation package will be available. For further information or a job package, please telephone Margaret Nichols, telephone 0767 313137 ext. 224.

Please apply by letter enclosing a full CV to: Mr Tim Eastaff, Chief Executive, Mid Beds Housing Association, The Limes, 12 Dunstable Street, Ampthill, Beds MK45 2JU.

The closing date for applications is 7th April and the first interviews will be held on 15th April.

MID-BEDS HOUSING ASSOCIATION

ANSVAR

Insurance

Assistant General Manager - Finance

Eastbourne

c.£40,000

Ansvar is a worldwide mutual insurance group for those who abstain from alcohol. The UK company has been established for more than thirty years and is based in Eastbourne. It is a general insurer with a premium income of c.£13 million.

Responsibilities include the overall control of the accounting, finance and company secretarial functions and participation in the senior management team.

Candidates must be qualified accountants and probably aged under 45. They should possess the management skills and personal potential to enable them to play a part in the continued expansion and profitability of the company and to justify promotion into general management in a few years. The company only employs non-drinkers. An attractive salary package (including car and subsidised mortgage) will be negotiated.

Please apply to: Sir Timothy Hoare, Career Plan Ltd., 33 John's Mews, London, WC1N 2NS.
Tel: 071-242 5775. Fax: 071-831 7623.

Career plan
Personnel Consultants

APPOINTMENTS WANTED

SECURITIES ANALYST

with extensive experience in research and marketing to U.S. Institutional Investors for American and European brokerage operations seeks *Marketing,* Consulting or Editing assignment with continental broker. Excellent writing skills, fluent in French and German.

Dunn Smith,
43 Hasbrouk Place,
Rutherford,
NJ 07070 U.S.
Tel. 201 438-6435

Cranfield UNIVERSITY

FINANCE AND ACCOUNTING AT CRANFIELD

Due to the dynamic expansion of our activities in degree programmes, research and particularly short executive programmes, Cranfield School of Management is seeking to expand and develop its Finance and Accounting Group at all levels including at Professional level. Prospective candidates may come from either academic or business backgrounds, those from academia should be able to demonstrate a strong track record in research and publications, while those from business should have a career progression leading to a senior financial management position. All candidates should be experienced across the range of financial management and accounting but should be able to demonstrate specialism in one or more of the following areas:

FINANCIAL STRATEGY
STRATEGIC MANAGEMENT ACCOUNTING
INTERNATIONAL FINANCE
GLOBAL FINANCIAL SERVICES
STRATEGIC BRAND MANAGEMENT
TREASURY MANAGEMENT

If you wish to discuss in confidence the opportunities, please contact Professor Keith Ward, Head of the Finance and Accounting Group, on 44 (0) 234-754360.

Formal applications are invited in writing addressed to the Personnel Department, Cranfield University, Cranfield, Bedford, MK43 0AL, England, quoting reference 4037B/FT.

SCHOOL OF MANAGEMENT

FINANCIAL MANAGER

BERKELEY BUREAU GAMING PERSONNEL

Our client, an International Casino operator have a vacancy for a Financial Manager in their Budapest office in Hungary.

Applicants must have experience in international banking tax payroll, company accounts and be computer literate. In addition the person will probably be aged 30 to 45 years of age, with formal accountancy qualifications.

The company will offer a negotiable salary, health insurance, accommodation and flights.

Please send C.V. and photo to Box B2310, Financial Times, One Southwark Bridge, London SE1 9HL

FORENSIC ACCOUNTANT

LITIGATION SUPPORT

C £30K + benefits + City

Campos & Stratis is a leading international accounting firm dedicated to supporting litigation solicitors through the investigation and measurement of damages and the provision of expert consultation. We have built an enviable reputation throughout the legal and insurance sectors and seek an outstanding ACA who will contribute to our growth in this challenging field.

The successful applicant will specialise in investigative accounting and litigation support, be based in the City and enjoy travel. No conventional audit nor tax work will be involved. Assignments are varied and interesting and will enable you to hone your analytical, professional and communication skills. Initially you will work on joint assignments, but you will quickly be given every opportunity to develop your knowledge base and will ultimately be involved in the development of future work for the international practice.

Accountants with initiative and flair, with no taste for the humdrum, who are conversant in a European language and eager to develop their professional skills, should send their CV to:-

Tony Levitt
Campos & Stratis
17 Devonshire Square,
London EC2M 4SQ
(Strictly no agencies)

CAMPOS&STRATIS

Excellent package + stock options + benefits

PICTURETEL

Thames Valley

European Finance Director

One of the fastest growing companies in the US today, PictureTel Corporation (turnover c. $200m) is the world leader in video conferencing and has as its mission "to redefine the way the world meets"™. PictureTel supplies the full range of video communications products to blue-chip customers world-wide and has recently launched a new range of PC video conferencing products. Ambitious expansion plans for the Europe/MEA Region have led to this new appointment, a highly strategic and commercial role with real opportunity to influence the performance and direction of a dynamic, international business.

THE ROLE

- Responsible to the VP/EMEA for ensuring the finance function helps drive the business forward, optimising MIS and financial management disciplines across the region.
- Manage a team of functional reports from seven European subsidiaries and offices. Provide effective financial control and reporting systems, including US GAAP and local tax and treasury, liaising with US HQ.
- Key member of the strategic management team, providing financial input to the budgeting and planning process, ensuring a proper balance is kept between overhead and growth.

THE QUALIFICATIONS

- Graduate, qualified accountant, with minimum five years' successful track record in a European role within a multi-site, preferably US owned, international business.
- Fluency in more than one European language desirable. Background likely to be in IT, communications or broader service company with experience of developing and implementing MIS in a fast-paced, growth environment.
- Capable of advising on broader commercial issues with the impact and maturity to gain respect both at US parent level and across the European businesses. Good people manager, able to prioritise and delegate effectively.

Leeds 0532 307774
London 071 493 1238
Manchester 061 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. PE094034L,
16 Connaught Place,
London W2 2ED

Finance Director

Housing Association c.£35,000+car loan

Our client, a London based housing association, currently controls around 400 residential units which are either rented or under development. The organisation has a business objective of providing high quality housing for minority communities primarily and is now in the process of widening this scope with rapid growth forecast over the next 5 years.

In addition to routine financial and management accounting, the role will focus on providing strategic and financial advice and management information to the Managing Director and the Board, particularly in respect of treasury and fund raising, cash flow and risk management. The incumbent will also lead on I.T. issues throughout the organisation.

The ideal candidate must be a qualified accountant who has gained a wide range of financial experience within the private sector, housing association or health authority. In addition, the ability to communicate easily at all levels combined with strong interpersonal and business skills is essential.

Please send full career and remuneration details including telephone contact numbers and quoting reference KFD001 to Stephen Fletcher at the address below.

KPMG Selection & Search
1-2 Dorset Rise, Blackfriars, London EC4Y 8AE

The best there is...

Chartered Accountants with commercial experience

London Competitive Salaries

KPMG Peat Marwick is widely recognised as one of the world's leading accountancy and management consultancy firms. As we continue to build on our strong market position we have developed a strong 'added value' culture and pride ourselves on being the best there is. Nowhere is this more apparent than in our property and construction sector where we are currently seeking talented Chartered Accountants.

Some of the people we seek will join at manager level and will possess an innate business awareness and bring far more than the normal accounting function to our clients' activities. Hard won commercial experience in the property and construction fields, combined with the ability to contribute across the entire spectrum, from audits and financial investigations through to financial management consulting projects, is essential.

We are looking for an unusually high degree of commitment and the communicative abilities needed to run sizeable projects within a truly multi-disciplinary environment. Ideally aged between 29 and 32, the successful candidates will be strategic thinkers who have an outstanding track record that demonstrates 'people skills' and a commitment to the client service ethic.

We are also seeking recently qualified accountants with approximately 2 years' experience and some exposure to the sector. We offer excellent career development prospects and a high degree of responsibility and client involvement at an early stage.

A highly attractive salary will be supported by a generous benefits package. To apply, send full career details including current remuneration to Rachel Gray, HR Manager for the Construction and Property Group, KPMG Peat Marwick, 1-2 Dorset Rise, Blackfriars, London EC4Y 8AE, quoting Ref: 2403FT.

KPMG Peat Marwick

European Financial Director

North West c £45,000 + Bonus + Car

Our client is a £20m turnover European Division of a US Corporation engaged in the manufacture of electronic materials principally for use in the computer industry. They have production facilities in the UK and France and seek to appoint a Finance Director to assist in the profitably development of their European Operations.

Reporting to the US Controller, you will assume responsibility for all financial and management reporting including statutory/legal compliance, treasury management and the further development of management information systems. You will be a key member of a closely knit management team and will be expected to provide strong financial leadership and commercial support.

Candidates will be qualified accountants with sound managerial experience who can demonstrate a strong costing/management accounting background within a sophisticated manufacturing environment and who are prepared to give strong support to operational management. Well developed interpersonal skills along with a high degree of personal presence and maturity will be essential in order to make a significant contribution to the future success of the business.

Language ability in French is essential.

Interested candidates should forward their curriculum vitae to Stephen K Banks, ACMA, Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ quoting reference 181808.

MP
Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Coopers & Lybrand | Executive Resourcing

Group Financial Controller

WEST LONDON PACKAGE TO £35,000

Our client has gained a substantial international presence as a specialist computer support organisation. Enjoying exceptional and profitable growth, the Group has built a worldwide network by the effective combination of technical leadership, service innovation and dedicated management.

Reporting to the Group Finance Director, you will take responsibility for ensuring the accurate and timely reporting and analysis of financial and management information from UK and overseas subsidiary organisations. An early challenge will be the further development of accounting functions within overseas operations, which will include the implementation of Group-wide procedures and some staff training.

A graduate Chartered Accountant, ideally in your late 20s, you should have obtained at least two years' post-qualifying experience in a market-led, strongly commercial business environment. You must be able to demonstrate high professional standards and personal computing capabilities in addition to well developed technical skills. As a "hands-on" and enthusiastic person, you should possess the appropriate interpersonal skills and personality to manage and withstand the rigours of a complex business enjoying dramatic growth and change.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Adrian Edgell, Coopers & Lybrand Executive Resourcing Limited, 9 Greyfriars Road, Reading, Berkshire RG1 1JG, quoting reference AE892 on both envelope and letter.

Finance And Administration Director

Influencing And Implementing Change

London
c.£55,000 + benefits

This new appointment occurs within a complex, international accounting authority. A professional, regulatory and examining body whose well-developed commercial interests include education, training, publishing and consultancy, it is undergoing a major process of change at a time of significant development and opportunity in the UK and overseas.

A member of the senior executive team and playing a policy- and decision-making role in the overall direction and general management of the organisation, you will be responsible to the Chief Executive for the management of the finance, accounts, quality, HR, IT and administration functions.

Meeting the needs of internal committees and facilitating better communications with members are key result areas.

This demanding yet stimulating position, which is of fundamental importance to the organisation achieving its objectives, will appeal to professionally qualified financial managers with strong technical skills gained in the public or private sector. Financial control experience in a medium-sized operation, demonstrable success in developing and implementing computerised systems, and broad administrative and management experience are mandatory for a position requiring excellent communication skills, political acumen and personal stature.

To apply, please send full career details, indicating current remuneration, to John Patrick, Ref: 6173/JP/FT, PA Consulting Group, 123 Buckingham Palace Road, London SW1W 9SR.

PA Consulting Group
Creating Business Advantage
Executive Recruitment · Human Resource Consultancy · Advertising and Communications

Product Analysis & Support – City

Exceptional Qualified Accountant £ Excellent Package

NatWest Markets holds a pre-eminent position in the world of corporate and investment banking. Comprised of nine highly successful businesses, our activities cover trading, corporate banking, asset management and specialist advice. We employ over 5,300 staff across 32 locations in 14 countries, supported by assets of £50 billion. NatWest Markets combines expertise with exceptional strength, energy and ambition – a unique combination which is reflected in our continuous record of growth and success.

Our expansion has created a role within the middle office trading support function of the Securities Division. You will take responsibility for identifying the risks, proposing accounting policies and the periodic reporting for a discrete team of equity/equity derivative traders. In particular, the position covers the control and assessment of ongoing and proposed business strategies. You must also possess the technical skills and the supervisory experience necessary to motivate and lead a small team and the confidence to liaise effectively with trading, taxation, legal and operations personnel.

Probably aged 26-32, you will be a qualified accountant with at least two years post-qualification experience of a banking environment. A significant proportion of this time must have been spent within a product control function. Alternatively, you may be working within Public Practice and have extensive exposure to financial markets. Strong interpersonal skills, a high degree of professionalism and the ability to work to tight deadlines will be essential. This high profile role will also require the competence to deal with senior management and to provide innovative solutions to business problems as they arise.

For further information, please contact our advising consultants, Guy Townsend or Brian Hamill of Walker Hamill Ltd on 071 287 6285. Alternatively, forward a brief resumé to their London office at 29-30 Kingly Street, London, W1R 5LB, quoting reference GT312. All direct responses will be forwarded to Walker Hamill.

NWM
NATWEST MARKETS
Corporate & Investment Banking

Finance Manager

London Competitive Package

HSBC Asset Management is the global investment advisory and money management business of the HSBC Group, one of the world's largest banking and financial services organisations. With over US$30 billion of assets under management worldwide, HSBC Asset Management has fund management teams in London, New York, Hong Kong, Tokyo and Melbourne. It manages assets on behalf of companies and institutions as well as for individuals through its unit trusts and mutual funds.

Beside regulatory & statutory financial accounting and management accounting, the broad scope of this new role covers the design and development of management information and analysis for the institutional business. In addition, you will co-manage the implementation of a new General Ledger accounting system and interface both with HSBC departments and external parties.

Not less than 5 years' post-qualification experience in a commercial environment, in which your team leadership qualities have been proven, will have prepared you for the challenge of the brief. Solid skills in statutory, regulatory and in-house management reporting are, of course, essential, and you should also have knowledge of Lotus spreadsheets and macros. Your understanding of accounting systems will be key to your success with the general ledger project.

We offer an attractive salary, together with excellent benefits including company car, mortgage subsidy, BUPA and a company pension.

Please send your cv, quoting current remuneration package, to Morag Forbes, HSBC Asset Management Limited, 7 Devonshire Square, London EC2M 4HU.

HSBC Asset Management Limited
Member HSBC Group

International Financial Services

ACAs - City Based

£27-35,000 + Banking Benefits

Our client is one of the world's leading international banking groups whose worldwide activities span an extensive range of financial services. As part of the Head Office function, a high profile team of professionals has responsibility for reviewing and evaluating the conduct, management and control of business risk in the Group's Treasury and Capital Markets activities on a global basis.

Expansion of the Group's Treasury business has created opportunities for three new members to join the team. Successful candidates will be high calibre, graduate ACAs with up to three years' post-qualifying experience in audit and are likely to have gained experience in financial services through training with a leading accountancy firm.

You must be able to demonstrate academic and professional achievement, analytical abilities, a high level of technical competence and strong interpersonal skills. Working in a fast-moving, demanding environment, you must have the willingness to work hard and the desire to develop your business knowledge and technical skills. Also important is the desire to travel as, although based in London, you will spend up to 45% of your time overseas, conducting reviews in the world's major financial centres.

These challenging roles will provide a high level of exposure to senior management throughout the Group and will offer ambitious accountants excellent opportunities for career progression.

Interested candidates should write to Janet Bullock at BBM Associates Ltd at 76 Watling Street, London EC4M 9BJ quoting Ref 275 and enclosing a full Curriculum Vitae which should include contact telephone numbers.
All applications will be handled in the strictest of confidence.

76, Watling Street, London EC4M 9BJ

BBM SELECTION

Tel: 071-248 3653 Fax: 071-248 2814

MANCHESTER & SALFORD INTERNAL AUDIT CONSORTIUM

MSIAC

Director of Audit

The Consortium which was formed in 1991 by the Universities of Manchester, Salford and Manchester Metropolitan wishes to recruit a Director to assume responsibility for the management of a full range of internal audits.

The Consortium has established a strong reputation for professionalism within the Universities and it has developed relationships with the Universities external auditors' and Central Government Agencies

The role of Director is a challenging and demanding one, requiring considerable professional and managerial skill and strong communicative abilities.

In addition to planning and overseeing the activities of 12 professional staff the successful candidate will maintain strong links with the executives and Audit Committees of the three Universities. The Consortium has expanded since its inception as a result of growth within the Universities and most recently by the award of a 3 year contract to provide internal audit services to UMIST. Further strong growth from within the Universities and potential external clients is anticipated.

The remuneration package will be negotiable but it will not be less than £35,000 per annum.

Applications, in the candidates own style, to include current position and salary, and the names of three referees, one of whom must be current employer, should be submitted in confidence to The Manchester Metropolitan University, who will provide further particulars on request.

Candidates who submitted applications in response to earlier advertisements need not re-apply because these applications will be re-considered.

Please submit your application by 15 April 1994 to: Mrs Susan Rutherford, Personnel Manager, The Manchester Metropolitan University, All Saints, Manchester M15 6BH. Tel: 061 247 3300.

C F A

CHRYSSAPHES FLAMMIGER ASSOCIATES

Outstanding MBA/ACA - International Consumer Brands Plc

Corporate Finance Executive

Aged c.27-30 *c.£40,000 + Car + Profit Share* *London*

Our Client is an international market leader engaged in the production, marketing and distribution of premium branded consumer products, offering excellent career development opportunities for those who can demonstrate real management potential.

Internal development moves have created a need for an exceptional individual to join its small head office Corporate Finance team, which provides guidance in the planning, project management and execution of worldwide strategic M&A activities.

You will be involved in managing all aspects of acquisitions, disposals, investment and joint venture proposals. In particular, you will provide: sound analysis and recommendations for approval by the Group Board; advice and technical support to divisions on valuations, due diligence requirements, negotiations and contractual documentation; support, co-ordination and liaison with internal specialists and external advisers. You will also be engaged in ad hoc corporate planning projects.

Suitable applicants will be graduates, MBAs or qualified accountants with previous business development or corporate finance experience, ideally gained in industry/commerce, or within the profession or City. In addition to project management experience, you will have highly developed analytical skills and, critically, strong written and verbal communication abilities.

You should write enclosing a resume together with current remuneration details and daytime/evening telephone contact numbers, quoting reference 403/A on both envelope and letter, to the address below.

Chryssaphes Flammiger Associates, Bechtel House, 245 Hammersmith Road, London W6 8DP.

ACCOUNTANT

c £21,000

OXFORD

As a qualified or part qualified Accountant you will be involved in developing and managing cost effective financial services for our Marketing Division. Your major challenge will be to improve our performance and financial results by revitalising our financial reporting and management information systems.

You must have considerable experience in management accounting as well as being skilled in financial and quantitative business evaluation. Your proven analytical ability and knowledge of computerised financial services should be combined with excellent team orientation and communication skills.

For further details and an application form please send a large SAE quoting reference number 2218/HD to Human Resources Department, Marketing Division, Oxfam UK/I, 274 Banbury Road, Oxford OX2 7DZ.

Closing date: 20th April 1994.
Interview date: 28th April 1994.

Oxfam UK/I works with poor people in their struggle against hunger, diseases, exploitation and poverty in Africa, Asia, Latin America and the Middle East through relief, development, research and public education.

OXFAM/UKI is striving to be an equal opportunities employer

OXFAM Working for a Fairer World

Head of Tax

International Business Sector of a Multi-billion PLC

West Country £50,000 upwards plus substantial benefits

The opportunity to be part of a strong management team, with specific responsibility for running the worldwide tax affairs of the largest sector of a UK based PLC, is a serious proposition. This is particularly true when the PLC is multi-national, its turnover is measured in billions and this sector is responsible for over 50% of that turnover. Ultimately reporting to the Group Director of Taxation based in London, the emphasis will be upon providing management with tax planning advice of a superior quality and the minimisation of the effective group and sector rates of tax.

Tax management is regarded as front line and proactive by the organisation and the appointee will be required to forge strong links between the sector and its head office initiating change where necessary and promoting best practice at all times. He or she should adopt an open management style encouraging participation from all finance and business managers to ensure that all tax related matters are effectively dealt with. Credibility with this tier of staff is key to the success of the appointment and great emphasis is placed on the need to appoint an individual who can be respected at all levels, possesses self-confidence, is a contributor, a team player and is totally approachable.

Technically, the job requires a 'heavyweight' practitioner whose experience lies in industry or the profession. He or she will need an international outlook although the work also encompasses 'nuts and bolts' UK taxation (PAYE, VAT, corporation tax etc.). He or she must be able to view tax from a strategic standpoint.

We are interested in hearing from individuals at the younger end of the spectrum (30+) who are confident that they possess the potential required for this role. Equally those in their mid 40's with relevant experience are also encouraged to apply.

Above all the organisation requires an achiever of exceptional calibre and if you feel that you can meet the demands of this role please apply in writing, enclosing full career and salary details, quoting reference A0270 to Anna Ponton at the address below.

KPMG Selection & Search
1-2 Dorset Rise, Blackfriars, London EC4Y 8AE

AMP

BUSINESS PLANNING MANAGER

Bucks **£30,000-£35,000 plus car**

AMP Incorporated is a $3.5 billion global operation – the world leader in the design and manufacture of the electrical and electronic interconnection systems which are at the heart of a vast range of products used in most spheres of modern day life. We have an impressive growth record which is set to continue with the creation of Strategic Businesses in related components and value added assemblies. There are nine such enterprises already, including high speed cable, fibre optics, and piezo-electric film sensors.

At our European HQ in Stoke Poges, we have a small, highly dedicated team that is leading the Strategic Businesses thrust into Europe. We currently have an opportunity for a Business and Financial Planning specialist to join this team and support the Vice President in meeting aggressive growth targets. The key responsibilities include:

- Financial and business planning for individual businesses.
- The assessment of development opportunities, including acquisitions.
- The development of management reporting systems and the preparation of consolidated financial reports.
- Monitoring business performance.
- Contributing to all major business decisions relating to the European Strategic Business initiative.

The ideal candidate will be a qualified accountant with around 10 years' broad based experience gained in the electronics industry or a related high tech environment. Strong analytical talents, computer literacy, natural business acumen and excellent communicative skills are essential, as is a well organised approach and the ability to work with a high degree of autonomy. The position entails a significant level of travel within Europe and the USA, and a second European language would be an advantage.

In return, we offer a particularly challenging opportunity worthy of the finest business talents. We also offer the opportunity for personal growth in the fastest developing area of our business together with a quality car and the kind of benefits one would expect of a major global company.

To apply, please write with your CV, detailing how you meet the above requirements, to: Richard Fereday,
Company Human Resources Manager,
AMP of Great Britain Limited,
Merrion Avenue, Stanmore, Middlesex HA7 4RS.

General Manager

South Yorkshire Up to £40,000 + car + benefits

Opportunity in general management for a commercially aware finance professional

Our client is a well established, privately-owned company involved in the wholesaleing of farm machinery, with sales of c£10 million. Allied to a German company which manufactures a well-known range of agricultural and ground care products, the company is set for continued profitable growth and now seeks a General Manager based at its main UK site.

The key requirement will be to provide accurate financial and management information for the company and to assume full day-to-day operational responsibility for the site, as well as instigating new controls and procedures to enable strong management of the business. It will also involve managing 12 staff and working closely with the Managing Director on the strategy and future direction of the company.

Applicants will have a blue-chip manufacturing or distribution background, with a sound understanding and experience of modern financial and management reporting systems and controls. Aged c35, a graduate and qualified Accountant, you must have strong financial and business skills together with a natural commercial instinct and the ability to manage and motivate a diverse team.

Career prospects are excellent with this market leader; indeed, the potential to progress further is an important prerequisite. Applicants should write, enclosing full career and salary details, quoting reference B/467/94, to David Gibbs.

KPMG Selection & Search
Peat House, 2 Cornwall Street, Birmingham B3 2DL.

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

For information on advertising in this section please call Gareth Jones on 071 873 3779 Andrew Skarzynski on 071 873 4054

FINANCIAL / MANAGEMENT ACCOUNTANT

LTCB International Limited is a wholly-owned securities and investment banking subsidiary of The Long-Term Credit Bank of Japan, Limited, one of the largest banks in the world.

An opportunity has arisen for a qualified accountant with banking/securities experience to join the management team of our Accounts Department. Responsibilities will include the daily operation of all aspects of accounting, management information, taxation, Bank of England regulatory reporting and project management.

Candidates should ideally have had 2/3 years' post-qualification experience, have good PC skills and be sufficiently flexible to work in a fast-moving and challenging environment.

Applicants should send a comprehensive Curriculum Vitae and details of their current remuneration package to:

Vivien Karam, Associate Director - Personnel,
LTCB International Limited, Alban Gate,
125 London Wall, LONDON EC2Y 5AH. Fax: 071-814 9880

LTCB

LTCB International Limited